The NATIONAL UNDERWRITER

Life Insurance Edition

FRIDAY, FEBRUARY 23, 1940

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LIFE INSURANCE EDITION

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Forty-fourth Year—No. 8 CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, FEB. 23, 1940 $3.00 Year, 15 Cents a Copy

Says TNEC Probe Wandered from Initial Purpose

O. J. Arnold Sees It Now as "Petty Quarrel"—Would Concentrate on Objectives

Many real issues at stake in the TNEC probe of life insurance have been sidetracked and the inquiry, as indicated by public utterances has tended toward a "petty quarrel," O. J. Arnold, president Northwestern National Life, declared in an address at the annual meeting of the Insurance Federation of Illinois in Chicago Tuesday. He pointed out that evidence on several vital questions was not considered by TNEC, and urged fulfillment of the original objectives of the investigation—"a thoroughgoing study of the bearing of life insurance on the American system of economy."

Far from wishing to suppress information in the investigation, he said, the life companies' major fear is that the committee will not get all the facts it needs in presenting conclusions to Congress. The stated purpose of the investigation was to determine whether the large funds entrusted to insurance companies were being so used as to form a menacing concentration of economic power. If such misuse of power were discovered, the implication would be the need for federal supervision.

Proved Life Insurance Is Big

"The implications of the testimony before the committee," Mr. Arnold said, "have run about like this: Life insurance is big—very big. Anything so big must need the federal government to control it or police it—or even compete with it.

"Yet," he continued, "the evidence introduced thus far has been wholly inadequate for understanding either what has made insurance safe or what has made insurance grow; the evidence introduced has ignored entirely the facts of the nature of insurance itself and the facts of state supervision which has enabled insurance to become the fortress of strength it is today.

"Not one whit of evidence has been introduced showing how insurance has attained bigness. The fact is it has grown big by performing a sound and sensible service to the American investor; it has grown entirely without controlling patents or licensing processes, without restraining competition and without vast mergers or holding company structures. Its growth has of necessity depended on doing an efficient job for the public.

"Nothing has been shown in the investigation as to whether the trend of insurance is toward concentration of economic power and control of assets in a few hands.

"The fact is that insurance, far from

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Farm Property Policy of Companies Discussed

Van Schaick Presents Plan Followed by the New York Life

Metropolitan and Prudential and Mutual Life Men Quizzed on Real Estate

By ROBERT B. MITCHELL

WASHINGTON, D. C.—Continuing its efforts to chart the future implications of growth of life company assets, the Temporary National Economic Committee has been concentrating on the farm and urban mortgage and real estate situation, hearing as witnesses a number of home office officials. The committee was obviously impressed with

GEORGE S. VAN SCHAICK

the volume of real estate owned by the big companies and the possible effects of their real estate and mortgage policy on the policyholders and the public.

Van Schaick Is a Witness

The members were particularly interested in hearing Vice-president G. S. Van Schaick of the New York Life, who was superintendent of the New York insurance department during the most troubled years of the depression. Members of the Congress outside those represented on the TNEC have shown a much greater interest in the present series of hearings than in any of the preceding ones. Recalling what he had previously said about permitting the life insurance business to present its own case in its own way as was done with the oil, milk and steel industries, Chairman O'Mahoney said the same procedure would be followed with insurance and advised that in view of the TNEC's desire to conclude hearings by the end of the present session of Congress it would be advisable for the insurance business to get its application in within the next 10 days or two weeks so that hearings could be scheduled.

The procedure will be that the insurance business will file statements with the committee covering material it desires to present. Those who are to read

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WASHINGTON, D. C. — Glenn Rogers, Metropolitan's farm loan division manager, was again in the witness chair as the TNEC hearings opened this week. Asked about Metropolitan's experience with the Frazier-Lemke farm moratorium law, he said he had had only 77 applications under the law and only 43 actual cases at the peak. He said he had never been opposed to the second Frazier Lemke act. Mr. Rogers said that though the government, through the federal farm mortgage corporation, took a number of poor mortgages off the Metropolitan's hands, the company never stood in the way of farmers' refinancing good mortgages where junior mortgages and other indebtedness made such refinancing desirable from the farmer's viewpoint.

Tried to Reflect on Company

Gesell and Henderson attempted to show that Metropolitan's refusal to take the initiative in bringing distressed cases before the Iowa debt adjustment council was due not merely to unwillingness to embarrass the farmer, as Mr. Rogers stated, but to the company's belief that few distressed farmers would think it worth while to avail themselves of the council's help. Henderson showed Mr. Rogers a letter the witness wrote at the time of the council's formation in which he expressed distrust of it as being a political move on the part of Governor Herring and doubt as to the sincerity of the main promoter of the council. Mr. Rogers agreed with Senator King that a move might be both good politics and sound public policy.

Herring Quizzes Witness

Herring, now a senator from Iowa, was sitting with the committee at the time this incident was brought up. He asked Mr. Rogers whether in the light of later experience with the debt adjustment council, he still felt the same way about it. Mr. Rogers smiled and said he did not.

Citing the investment report, Gesell pointed out that as of Dec. 31, 1938, Metropolitan's farm real estate represented $76,812,000 of unpaid principal amount but was carried at a book value of $83,290,000 or 9.79 more than the unpaid principal involved. Mr. Rogers pointed out that the book value included $3,052,000 in capitalized improvements. He made it clear that this figure is capitalized only where the actual value is amply in excess of the cost and only in the case of new buildings. Other rehabilitation outlays are included in expense.

Significant in view of the broad purpose of the TNEC to investigate concentration of economic power was O'Mahoney's asking Mr. Rogers whether the company would get a better return by managing its farms on a tenancy

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Public Relations Program Is Taking Concrete Form

Fraternal Societies in Chicago Meeting Consider Project for United Effort

By DALE R. SCHILLING

Some sort of public relations effort on a national scale is believed by fraternal societies' leaders to be required if they are to meet the challenge of modern conditions. What that effort should be is less obvious. Some years ago the fraternals considered a comparatively very handsome institutional publicity program. It was rejected because it would have cost more money than the fraternals could afford to spend. Their setup is less flexible in meeting such extraordinary expenditures than is that of old line companies. They do not have a premium rate structure which contains provision for the extras.

Then, too, the fraternalists considered that they had a special situation which could not be met by extravagant broadsides of publicity material such as would be suitable for business and industry.

Solved Problem Humanly

However, they believe they have solved that problem through a personalized program which was presented by a special committee for consideration at the midwinter meeting of the National Fraternal Congress held in Chicago this week. In substance, this calls for heads of member societies periodically to issue letters or statements on selected subjects, which will be disseminated to all members of the societies, and which through key members will be given to daily and weekly newspapers and trade publications to be printed in news columns. These messages will be transmitted through field workers to their insured and prospects.

The N.F.C. societies have a foundation in the grass roots. They exemplify the human rather than business approach. That is why they plan to take the message of fraternalism to the people by word of mouth.

Mrs. Miller Initiates Move

Mrs. Bina West Miller, head of the Woman's Benefit, Port Huron, Mich., is chairman of the special committee. She initiated the movement by a resolution which was adopted at the annual meeting in Detroit last August. Miss Frances D. Partridge, N.F.C. president and secretary of Woman's Benefit, is a member of the committee, which also includes a number of the more progressive fraternalists who believe there is a permanent place for the special functions served by fraternal societies.

Much of the executive discussions centered about the uniform fraternal

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Pink Takes Militant Stand on U. S. Control of Life Insurance

NEW YORK—Politely but unequivocally Superintendent Pink has served notice that the New York department, the state government and presumably policyholders generally will vigorously resist any attempt of the federal government to extend its field of regulation to life insurance.

While giving credit to the Temporary National Economic Committee for its constructive suggestions, a number of which the New York department has adopted or recommended, Mr. Pink in a 50-page section of his report to the legislature released in advance of the entire document declares that there is no real reason for federal regulation and "no promise that the federal government can do a more efficient job than the states."

Decision Rests with People

"There is no question but that those who manage and supervise insurance are almost unanimously opposed to transferring the supervision of insurance from the states to the federal government," Mr. Pink states. "Their views must be weighed and considered but this question will really be determined, and properly so, by the states themselves and 60,000,000 policyholders throughout the nation. It is necessary that there be unity of purpose and procedure among the several states and there must be uniformity of state action in many directions. In the last analysis the future of state supervision of insurance will rest upon its effectiveness. State laws must be well adapted for public protection."

As to the attitude of the policyholders—and nearly everyone is directly or indirectly interested in life insurance, he pointed out—Mr. Pink observes that in spite of all the publicity that has been given to defects, real and supposed, in the institution of life insurance through the present investigation there is apparently no public demand for federal supervision.

Nation Fears Political Control

"On the contrary, those who have put their savings through the years in life insurance policies are fearful of any change in control which might shift the emphasis from broad diversified investment in the wealth of the country to the utilization of this vast reservoir of the people's savings for the support of government projects," he states.

Conceding that concentration of federal power was necessary to a large extent to meet the social and economic changes and problems which developed as a result of the war and depression and that the states have gladly accepted the financial aid which the central government alone was able to give, Mr. Pink warned that it would be "quite another thing to expect them to relinquish the supervision and control of the largest financial institution in the country, particularly when there is no real reason for doing so and no promise that the federal government can do a more efficient job than the states."

Cost Is Only 3½ Percent

"New York state alone has an income from insurance taxes and fees of some $17,000,000 a year," he pointed out. "When refunds collected from the companies are deducted, the net expense of the department to the state is only 3½ percent. Approximately 45 percent of the state's insurance income is from the life companies, practically all of which do an interstate business. It is not likely that the states will voluntarily give up this source of income at a time when it is necessary for them to use every effort to increase revenue. Neither is it likely that the states will voluntarily surrender their powers and responsibilities to the federal government in the absence of any controlling reason why they should."

Taking up the argument that advocates of federal regulation of life insurance have included some distinguished insurance supervisory officials and company executives, Mr. Pink said that if it had not been for the legal barrier presented by the Paul vs. Virginia decision it is probable that up to the time of the Armstrong investigation considerable sentiment could have been mustered at any time for federal supervision.

Armstrong Probe Was Turning Point

"But the Armstrong investigation changed all that," he said. "Practices of selfish financial control and political maneuvering and even corruption which had existed in the best of the companies prior to that date were eliminated. The laws were strengthened and not only life insurance but all insurance took on an entirely new aspect. The laws in New York and many other states were completely revamped and strengthened and from that time on were rigidly enforced. The whole concept of insurance was changed. Life insurance was no longer considered a private business but a public trust which Grover Cleveland, then president of the Life Presidents Association, described as one 'made sacred by the pathos of its purposes, and more unescapable in morals and good conscience than any that the law can create.'"

No "Control" Angle

Ever since the Armstrong investigation, Mr. Pink continued, state supervision, while not free from certain faults and defects due in large part to the diffusion of control, has made good. Calling attention to the safety of investments obtained through diversity, Mr. Pink said that "naturally the investments of some companies turned out better than others, but on the whole the experience of the past 35 years has been one of which the life companies generally may well be proud."

As far as controlling business is concerned, Mr. Pink points out that the life companies doing business in New York state at least do not invest in equities but in the primary securities.

"They have no interest in the operation of management of industry except from the standpoint of safe and sound investments," he states. "It is remarkable that with such potential power life insurance has been so free from selfish financial domination or control."

Most of the advance release from Mr. Pink's report deals with 15 of the points raised by the TNEC in its hearings. Following is the summary of his comments on each point:

The department's position on the TNEC: "The department is not hostile to the TNEC investigation. If there are any weaknesses they should be brought out into the full light of day. An impartial, thoroughgoing study from the outside may be of very great help not only to the policyholders but to the institution itself. Our aim has been to cooperate fully with the committee. Some improvements suggested by the testimony have already been made and we are hopeful that the report of the committee will point out other ways in which we can better the principles and practices of state supervision."

No Present Need for Size Limit

Size of companies: "Apparently there is some idea that large life companies are monopolistic. We doubt if that is the case. Perhaps too much emphasis has been placed on the question of size. As we pointed out in last year's report, the five largest companies in the country have a smaller proportion of the assets of all companies today than they had 30 years ago. The Metropolitan and Prudential grew very rapidly from 1916 to 1921, but since that time their proportionate growth has been quite moderate. In the last five years their percentage of assets has remained almost stationary. Undoubtedly one of the principal reasons for the rapid growth of the Metropolitan and Prudential is that so large a portion of their business is industrial . . . while industrial insurance has been of great service to the lower income group . . . it has probably reached its peak.

"While there is still necessity for industrial insurance it is becoming less essential than it was. The social security program and the federal and state governments may displace it to some extent.

Industrial Has Competition

"New institutions such as savings bank life insurance and more particularly group insurance will undoubtedly offer competition. In view of the added cost of industrial insurance because of the expense of selling it and collecting on a weekly basis, this department is making every effort to encourage the purchase of monthly instead of weekly insurance and ordinary instead of industrial insurance.

"The evils disclosed by the Armstrong investigation were not so much in size as excessive expenditures and extravagance in the rivalry for bigness. The limitation upon new business and expense imposed by the original law and substantially continued in the law today were wisely conceived and have worked out well for the institution of life insurance. . . . It would seem unwise to impose further arbitrary legislative restrictions at this time in view of the fact that they are apparently unnecessary."

Suggests Election Changes

Election of directors and democratic control: "It is unfortunate that a few of the life companies apparently resent the investigation of the TNEC. Any government body has a moral right at all times to inquire in good faith into all phases of our business and it should receive the fullest cooperation. But such resentment as there is is not entirely unjustified. Early in the investigation there were called to Washington 13 industrial agents of the Metropolitan Life who were members of the C. I. O.

"There was at that time a bitter labor controversy between the company and the union. These agents testified that they had written in on ballots for uncontested elections the names of policyholders without their knowledge or consent. This testimony was apparently used to advertise the investigation and was widely publicized in all parts of the country. Discreditable and inexcusable as any such practice is, it had no practical effect. This feature of the investigation led many in the insurance industry to believe that the purpose of the investigation was not to find facts but rather to exploit anything that might reflect discredit upon the institution."

Pink Questioned Agents

Mr. Pink revealed that the department sent for the two agents from New York state who had testified in Washington. Only one showed up and he refused to give any specific cases other than his own in which agents had signed policyholders' names. He was also either unwilling or unable to give any evidence that the managers knew of its existence. The department also examined under oath eight managers and assistant managers from the districts in which these two agents were employed and their testimony was in direct conflict with that given in Washington.

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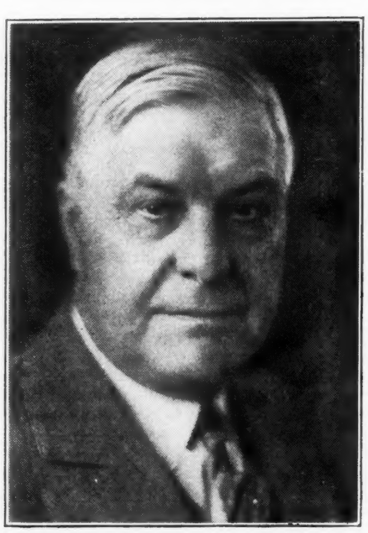
Officiate at N. F. C. Midwinter Rally

MISS FRANCES D. PARTRIDGE
N.F.C. President



O. E. ALESHIRE
President Presidents Section

Miss Frances D. Partridge, secretary Woman's Benefit, Port Huron, Mich., and O. E. Aleshire, president Modern Woodmen, Rock Island, Ill., took prominent part in the midwinter meeting of the National Fraternal Congress sections held at Chicago this week. Miss Partridge, who is the N. F. C. president, presided over an executive committee meeting Monday and extended greetings of the parent organization to the sections. Mr. Aleshire, president of the presidents section, was in the chair at deliberations of that group.

Persistency Main Theme of N. F. C. Field Managers

Better Training and Selling Stressed at Gathering of Fraternalists in Chicago

Persistency of business and the methods by which it can be improved was the theme running through the annual meeting of the Fraternal Field Managers Association held in Chicago this week in connection with the midwinter meeting of the National Fraternal Congress sections. This is a problem greatly troubling the fraternal societies. They were once the outstanding medium for placing life insurance protection in force, because their lodge activities supplied much of the social life of communities throughout the country. Modern divertisements have attracted many persons who in other times would have been drawn to the societies. New members find attractions elsewhere and forget to pay their insurance premiums.

Must Organize This Work

Then, too, the fraternal societies apparently did not discern so quickly as old line companies the utter necessity of doing an organized job of conservation of business in force. Modern life caused a falling off in the volume of their new production, which demanded concentration on meeting this situation. They sought to hold the members very largely by the fraternal activities. It is now apparent that this is not enough.

It is true the leading, better operated societies long have been doing excellent conservation work, but by and large, this is a comparatively new field of activities for fraternal societies. They are feeling their way in it. They do not generally have the persistency stimulus that old line companies have of large volumes of new business written to fill specific needs, "ear-marked" to educate children, supply readjustment and old age income to the wife, and so forth. Fraternals' insurance in the main is sold in small amounts.

Better Training of Field Men

The field managers are trying to bring about a great change in the method of selling fraternal insurance, to do it the modern way so that the certificate will be the last thing that the holder will let go. In a small way, but with ambitious plans and prospects, they are, through the FIC (Fraternal Insurance Counselor) degree, seeking to create a professional underwriting of insurance in the field.

W. E. Wright, grand recorder A. O. U. W. of North Dakota, was elected president, succeeding F. B. Mallett, Protected Home Circle. Mr. Wright has been secretary-treasurer. Other new officers are: Vice-president, L. T. Duffy, Catholic Order of Foresters; secretary-treasurer, J. E. Little, field director and actuary Maccabees; directors—E. W. Nelson, National Mutual Benefit; Mrs. Grace W. McCurdy, supreme oracle Royal Neighbors, Rock Island, Ill.; M. Mallett, and N. K. Neprud, Lutheran Brotherhood.

F. B. Mallett, field manager Protected Home Circle, Sharon, Pa., presided at the Chicago meeting as president. On the morning program were a number of talks dealing with various aspects of field work in connection with writing business that stays in force.

Miss Frances D. Partridge, N.F.C. president, opened the Tuesday afternoon session with a talk which is presented in part in another column. She was followed by F. J. Gadient, actuary Modern Woodmen, Rock Island, Ill., who spoke on "Persistency."

John E. Little, actuary Maccabees, Detroit, discussed this paper. There is much said about improving persistency but little is done, he said. However, Mr. Gadient's suggestions were

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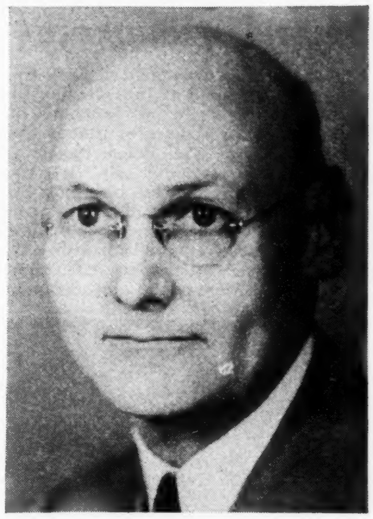
New Commissioner



SETH B. THOMPSON

Seth B. Thompson of Portland, Ore., new insurance commissioner of that state, is well known in the fraternity. He is general agent of the Penn Mutual Life. Mr. Thompson has been ill with the "flu" and is just getting around.

Mortality Tables Covering Insurance and Annuities

By M. ALBERT LINTON
President, Provident Mutual Life

At the TNEC hearings last week an interesting question presented an old subject in a new way. It was noted that the life insurance companies use the old American Experience table for the calculation of premiums and a modern table for the calculation of annuity premiums. As one reads the testimony he may well wonder whether Senator O'Mahoney, chairman of the committee, got an impression that the naughty insurance companies were using the old American table so that large profits could be made out of life insurance and a modern annuity mortality table to make a profit out of annuitants.

The difference in practice of course arises from the fundamental difference between life insurance and annuities. Increasing longevity in a group of life insurance policyholders causes gains whereas it causes losses under annuities. If each set of contracts were participating—that is if the realized gains were distributed among the respective groups of contract holders—the survivors in the life insurance group would logically be entitled to the mortality savings because their living had contributed to the savings; whereas the heirs of the annuitants who had died sooner than expected would be the persons entitled to any mortality gains in the annuity group. The surviving annuitants would not be the logical people to receive the mortality gains, if any, as their living would have tended in the direction of a loss.

Because of this fundamental difficulty of distributing mortality gains under annuity contracts, and because up until the artificially low interest rates of recent years, annuities have been but a small fraction of the business of the companies, it has been the almost universal practice to issue annuities on a non-participating basis. In calculating annuity premiums a rate of interest was assumed which it was felt would be sufficiently below what was likely to be actually realized, to provide a margin against the possible increase in the longevity of annuitants above that indicated by the table used. This was wise in view of the fact that as each succeeding mortality table of annuitants was prepared it was indicated generally that annuitants were living longer and longer.

This balancing of the excess interest rate as against the mortality rate for annuitants has on the whole been reasonably successful and over the years the gains and losses in the annuity accounts of the companies, taking both interest and mortality into account, have been significant in comparison with the magnitude of the life insurance business of the companies. In other words the companies used different mortality tables for insurance and annuities because that method provided a practicable way of issuing contracts safely and at proper cost to both types of contract holders.

Answer to Henderson's Remark

Incidentally Leon Henderson, of the committee, paid his compliments to the actuaries by indicating that they seemed to have been able to guess better about life insurance than about annuities. Well, the thing they failed to guess was the unprecedently low level to which interest rates have been forced. Interest rates of course fell on both insurance and annuity funds. However, satisfactory longevity on part of the life insurance policyholders produced savings which helped to counterbalance the interest decline, and therefore to some extent obscured it. On the other hand, the increasing longevity of annuitants produced mortality losses which the declining interest margins were insufficient to offset. The actuaries had guessed that annuity longevity might improve but they failed to foresee the abnormal decline in the yield on investments.

Mr. Henderson further went on to say that if a man had foreseen the future he would have done better ten years ago to have taken an annuity rather than a life insurance policy. That must have been a facetious remark for it suggested that the motive for the taking of the one or the other kind of contract was probable cost rather than a need to protect against certain contingencies of the future. When a carpenter wants to cut a piece of wood he chooses a saw and not a plane. When he wants to smooth off the wood he chooses a plane and not a saw. Sometimes he wants to do both and in that event he chooses both the saw and the plane. In like manner a man desiring to cover certain contingencies chooses either a life insurance policy or an annuity contract or possibly a combination of the two, depending upon the nature of the contingencies to be covered.

American Experience Table

Let us now refer back to the American table and the computation of life insurance premiums. Its use for some 70 years has resulted from the fact that it affords a simple method of providing a part of the required safety margin for

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Annual Statements Show Operations of Past Year

METROPOLITAN LIFE

For the eighth successive year, policyholders of the Metropolitan Life in 1939 received benefits of more than $500,000,000. The 1939 payments, which amounted to $604,825,898, were the largest ever made in any one year, and brought the total paid during 1930-1939 to more than $5,250,000,000. More than two-thirds of its payments last year were made to living policyholders. This payment of approximately $3,500,000,000 to living policyholders in the past 10 years means the insuring public is realizing that, while making provision for their dependents through proper insurance programming, they can also make provision for themselves.

Other features in the report were that the assets had grown to $5,141,986,181; dividend declarations, for payment in 1940, amounted to $112,999,638; life insurance in force at the end of 1939 totaled $23,193,749,152, the largest ever recorded in the history of any company; paid-for life insurance issued in 1939, exclusive of the amount revived or increased, amounted to $1,651,715,662; loans to policyholders showed an appreciable decrease in comparison to 1938, and assets increased $199,085,764.

The dividend declaration, again above the $100,000,000 mark, provides for the payment of almost $113,000,000 during this year. The dividend allocation for ordinary policies is $57,298,771; for industrial, $51,975,867; and for accident and health, $3,725,000. Including the declaration for 1940, the company will have paid to its policyholders in bonuses and dividends a total of $1,554,366,189—$784,880,281 to ordinary and group policyholders, $734,032,056 to industrial, and $35,453,852 to accident and health.

The new high of more than $23,193,000,000 of life insurance in force is divided as follows: Ordinary, $11,895,929,343; industrial, $7,515,140,345, and group, $3,782,679,464, while in accident and health there is a principal sum benefit of $1,478,775,450 and a weekly indemnity of $19,894,950.

EQUITABLE SOCIETY

An average of $547,905 a day was paid out by the Equitable Society to living policyholders and beneficiaries during 1939, or a total of $199,985,481 for the year, the report discloses. Of this $35,023,648 was paid in dividends, bringing aggregate dividends paid to policyholders in its 80 years of operations above the billion-dollar mark.

Assets increased $140,978,380 to a total of $2,401,891,529

Breaking down the story of what happened to the premium dollar in 1939; the report shows that for each $1 paid in by the policyholder, 28 cents was added from earnings on investments. Of this total of $1.28 of income, 53 cents was required to pay benefits to policyholders and beneficiaries and 45 cents to increase reserve funds to provide for payment of future benefits, 98 cents thus being used for present and future benefits to policyholders. Expenses required 10 cents, taxes 2 cents, while 4 cents was used to increase contingency reserves and surplus. The remainder of 14 cents was paid to policyholders as dividends.

New insurance paid-for was $380,802,524, the average size of the new ordinary policies being $2,588, or the highest since 1932. Total insurance is $6,936,216,489.

Group life insurance increased $196,380,229, bringing the total to $2,194,641,311.

Ninety-seven percent of all interest falling due on mortgage loans during the year was collected. No asset value is assigned to interest on mortgage loans on which any interest is one year overdue.

The net operating earnings on the foreclosed real estate, after all expenses including taxes and repairs, were 3.24% on the value at which it is carried in the statement, compared with 2.94% in 1938. The company sold 2,233 properties during 1939 for $15,381,840, at a profit of 6.7% on book value.

The low level of general interest rates is the No. 1 factor in life insurance costs today, and continuation of the decline inevitably means higher insurance costs for policyholders, President Parkinson stated, adding:

"This trend stems directly from a national policy of 'cheap money' which artificially reduces the rate of interest. The cost of life insurance has now become largely a question of what public policy will permit the life insurance companies to earn in the way of interest on their investments.

The administrative expenses were $604,714 lower in 1939, and the total expenses, including commissions and taxes, were $1,494,706 lower. There was an additional "savings" of about $2,000,000 through an improvement of 4% in the mortality experience.

Average net rate of return on aggregate ledger assets, after investment expenses, including taxes on assets, was 3.38 percent, compared with 3.45 percent in 1938.

Unassigned surplus rose $5,083,736 to a total of $83,895,658. This amount was in addition to other surplus funds consisting of the contingency reserve for real estate, $5,000,000 and to the contingency reserve for group life insurance, $1,867,000, making total funds available for contingencies $90,762,658.

OCCIDENTAL LIFE, CAL.

Occidental Life of California reports $490,142,709 business in force on Dec. 31, an all-time high and a gain of $37,324,732, or 8.2 percent, for the year.

Assets total $65,912,861, a gain of $6,371,931, or 10.7 percent. New paid business totalled $77,708,556. Total income of $18,290,673 exceeded disbursements by $5,776,911. Payment of $6,774,257 to policyholders brought the total since organization to $59,622,783. Unassigned surplus, exclusive of reserves for policy dividends and contingent reserves for investment fluctuations, increased 22.8 percent to $2,126,372. Net interest of 3.93 percent was earned on invested assets.

COLORADO LIFE

The annual statement of the Colorado Life shows assets $4,720,690, of which $2,476,275 are cash and quickly convertible bonds, the cash being $897,876. First mortgages are $1,375,847, real estate $9,537, policy loans $493,665. It has a voluntary contingent reserve of $81,738. Its capital is $250,000 and net surplus $525,000. Its assets increased $741,858. It has $113.87 assets for each $100 of liabilities. Its mortality ratio was highly favorable. Its life insurance in force is $40,443,888.

MUTUAL LIFE OF NEW YORK

Mutual Life reports assets of $1,444,467,622, an increase of $45,040,126. New insurance written in 1939 was $201,732,621 and at the close of the year there were 1,257,221 policies in force representing insurance of $3,740,731,467.

Payment to policyholders and beneficiaries last year amounted to $134,155,356. The trustees have set aside $17,784,266 for dividends in 1940. The fund for general contingencies and depreciation of securities, real estate mortgages and real estate at the end of the year stood at $51,423,482.

NEW ENGLAND MUTUAL

The New England Mutual Life reports a $33,000,000 gain in assets, bringing the total to $468,000,000. New business in 1939 totaled $123,000,000 and on 32,486 policies, bringing the total insur-

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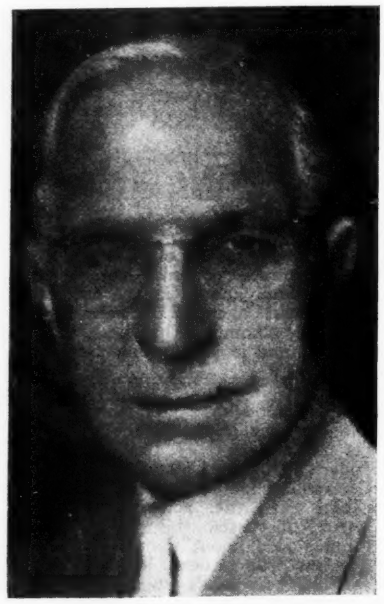
Rockford Life Gets Business of American Bankers

Final hearing was held before Circuit Judge Hemphill at Jacksonville, Ill., Tuesday on the recommendation of Insurance Director Palmer of Illinois that the business of the failed American Bankers of Jacksonville, Ill., be reinsured in Rockford Life of Rockford, Ill. At the conclusion of the hearing the contract was awarded to Rockford Life. The business is taken with a 75 percent lien and interest at 4½ percent.

Rockford Life was the only company



FRANCIS L. BROWN

to submit a bid other than the one that was submitted in behalf of those that attempted to organize a new company to be known as American Bankers Life.

Rockford Life takes the business over under a management contract.

The amount of insurance in force of American Bankers is about $18,000,000. About half the business is industrial. The industrial agency is practically intact and has been held so by the good management of Agency Supervisor E. R. Jones, who will go with Rockford Life.

Rockford Life has not decided whether it shall write industrial insurance or not. Rockford Life intends to adapt its ordinary policies to suit the needs of the class that buys industrial insurance. The ex-agents of American Bankers will be given contracts with the hope that they may develop into good ordinary producers.

The weekly debit on the date of liquidation was $5,800. No business has been lapsed since that date and it is expected that the weekly debit will be about $4,800 when all of the business which is now more than four weeks in arrears is lapsed.

Rockford Life Is Liquid

Rockford Life has nearly $15,000,000 insurance in force, all ordinary, with assets of $3,326,736 and surplus to policyholders of $321,106. It is in highly liquid condition with bonds amounting to $232,475, of which $71,225 are fully guaranteed by the United States. Preferred stocks amount to $50,000, cash $107,854, insured federal savings and loan association accounts $57,500, FHA guaranteed first mortgage loans $752,318. Those items of an extremely liquid nature exceed $1,000,000. In addition there are first mortgage city loans of $576,381, policy loans $557,869, real estate $745,629, real estate sold under contract $195,871. The policy reserve is $2,897,516.

Rockford Life has paid its obligations always up to the minute throughout the depression, except during the general moratorium.

Rockford Life intends temporarily to employ all of the clerical workers and field men that are now active in American Bankers.

American Bankers was active only in Illinois with part of its ordinary business scattered in a few other states where they previously operated.

Francis L. Brown, president of Rockford Life, was in Jacksonville for the hearing Tuesday.

Objections to the award of the business to Rockford Life were entered by the organizers of American Bankers Life who contended the business should be continued in Jacksonville because the large home office building makes it advisable to keep the company there.

Holgar Johnson on Investment Report

Calls Attention to the Fact That the Information Is Not New

The data contained in the investment report of the Securities & Exchange Commission on the 26 largest life companies is not new, since for years the companies themselves have been publishing or making available most of this same information, according to H. J. Johnson, president of the Institute of Life Insurance, who addressed the conference of the trust division of the American Bankers Association in New York.

Most of the information contained in the SEC analysis could have been obtained from the regular annual statement blanks. This and additional information is published by trade publications and business manuals regularly, he said.

The arrangement of the material in the analysis is new, however, and some of the companies are voicing concern because of the possible misinterpretation of the facts. There is a possibility of misapprehending the meaning of technical terms, such as "gain from surrenders." Such a gain, he said, in reality is only a bookkeeping transaction. In making an exhibit of the difference between income and outgo, the reader may not realize that no account is taken of the increase in policy reserves which are by no means a profit.

Mr. Johnson went on to give some of his ideas on public relations. He said the bank and the life company have a responsibility beyond their own customers, because of the social and economic aspects of the business. There is an increase in realization, he declared, of the need for passing on information about the business to the public in more readable, friendly and frank style.

Missouri Order Is Issued to Companies

On Oct. 2, the Missouri department sent a general letter to all outside life companies licensed in the state, which is now followed by the order, effective March 15, requiring that all applications for life insurance including annuities and supplementary contracts, signed and solicited in the state by outside companies or their agents, shall bear the following statement:

"Any policy of insurance issued upon this application shall be considered a Missouri contract and its terms shall be construed in accordance with the laws of Missouri unless otherwise specified herein by the applicant."

Senator Toolan has introduced in the New Jersey senate a measure which "would permit employes of school boards to participate in group insurance and hospital service plans."

Much Improvement in Aviation Risks

Pearce Shepherd of the Prudential Gives Experience of Recent Years

The speaker at the Philadelphia C. L. U. meeting was Pearce Shepherd, actuary of the Prudential. His topic was "Underwriting the Aviation Risk." Some of the interesting points which he brought to the attention of the group were that during 1939 24 people were killed flying over scheduled air lines of the U. S. or flying over foreign subsidiary lines, only 10 of which deaths occurred on domestic lines, 14 on Pan-American. If the same rate of mortality in aviation had prevailed in 1939 as prevailed in 1930 there would have been some 239 deaths—in other words, in 1939 the rate was 11 percent of the rate which was in effect in 1930.

Pearce Shepherd

In 1939 the scheduled air lines flew almost 700,000,000 passenger miles.

Mr. Shepherd gave some interesting comparisons as to the deaths in flying over scheduled air lines in comparison with the deaths on trains and in automobiles and bus conveyances. The trains, he stated, have always been in the most favorable position but there seems to be an increasingly close race between aviation and the automobile and bus service. For the period 1936-38 the rate of deaths per 100 million passenger miles was for scheduled air lines 7.24 percent, while for automobile and bus service it was 4.5 percent. The final reports for 1939 are not yet available but it looks as if for that year the automobile and bus rate will be 3.6 percent and the domestic flying rate 1.2 percent—or approximately one-third.

Mr. Shepherd spoke about the Pan-American air lines having been the pioneer in the over-water flying and of the progress which had been made in safety by this line.

One of the subjects most interesting to the group was the attitude of the companies toward aviation risks. Mr. Shepherd said that at the present time most companies are taking up to 100 hours a year at standard rates. He outlined the need for a differentiation between fare-paying passengers and those riding on passes and brought out many interesting angles which showed the complexity of the problem and the necessity for careful scrutiny of each individual case.

John Hancock State Leaders

New York led all states by all odds in the John Hancock Mutual so far as new business was concerned last year. The figure was $114,375,128. Its home state of Massachusetts was next with $91,587,059. From that point there was quite a jump to Illinois with $40,880,010 followed by Pennsylvania with $38,896,301. Next came Ohio with $30,132,276 followed by Connecticut with $28,046,330. California's figure was $25,996,255.

The following are the state leaders as to insurance in force: New York, $1,073,117,418; Massachusetts, $815,972,124; Pennsylvania, $327,306,541; Illinois, $311,342,444; New Jersey, $235,258,091; Ohio, $234,354,848; Connecticut, $225,125,452.

Ralph Stodghill, for 13 years with the New York Life in Tulsa, Okla, has resigned to become president and general manager of the American Mutual Casualty, formed there last July to write hospitalization contracts.

Group Sales Soar, Total High But Off From Last Year

NEW YORK — Group sales soared in January although total new life sales declined 10.5 percent compared with January, 1939, according to the Life Presidents Association. However, the total for January, $653,156,000, was the largest since last June which was best of any month last year except January. A year ago the option changes stimulated a decided increase in business so it is hardly fair to compare 1940 figures against those of a year ago.

Ordinary life sales totaled $405,538,000 in January, a decrease of 29.9 percent. This total compares favorably with the majority of the months in 1939 with the exception of January. Industrial sales totaled $113,111,000 against $99,363,000, an increase of 13.8 percent. However, in this case the January, 1939 industrial sales were the smallest of any month last year. Group sales totaled $134,507,000, an increase of 159.2 percent. Group also showed a large increase in December with $105,030,000 total. The January figure was the best since last June and was larger than any of the other 11 months in 1939.

Ordinary sales totaled $517,622,000 and were off 30 percent in January, according to the Sales Research Bureau. All sections experienced declines, the middle Atlantic faring best with sales off 12 percent, while Pacific coast states were off 40 percent. South Carolina with a 3 percent gain was the only state in the plus column. Boston sales were off 43 percent, Chicago 39, Cleveland 30, Detroit 37, Los Angeles 52, New York 22, Philadelphia 30 and St. Louis 42 percent.

Outlines O'Malley Procedure

KANSAS CITY—Federal Judge Otis made clear in an order here that R. E. O'Malley, former Missouri superintendent, who will complete a term in Leavenworth March 18 for income tax evasion in connection with the Missouri fire rate case settlement, will continue in custody of the federal court until the terms of his sentence are fulfilled.

Federal probation officers will take O'Malley into custody immediately upon his release, and after bringing him to Kansas City will determine whether O'Malley has complied with the terms of the second count of his sentence; the payment of a fine of $5,000 and payment of income tax on the $24,000 he received in the settlement. He was sentenced to two years on that count, but was paroled for three years. If he has failed to comply with the sentence, then he will be returned to Leavenworth to serve the two year term. If he has complied, he will be turned over to either the St. Louis or Jackson county sheriffs. If the sheriffs can't agree on which is to have him, then he shall be released to the St. Louis sheriff, Otis' order reads. In both St. Louis and Kansas City indictments on a charge of accepting a bribe while a public official await O'Malley.

Otis indicated that "the exclusive custody of this court and probation officers for this court will be suspended for the purpose of permitting the prosecution in St. Louis or Jackson county or in any other state court in Missouri of any indictment . . . against O'Malley and for the service of any sentence of imprisonment imposed in any such court. . ."

Otis indicated that his order established a procedure to follow in similar cases. Evidently he was referring to, for one, T. J. Pendergast, O'Malley's former political boss, who faces state charges of bribing a public official, O'Malley.

Morrell Speaks in St. Louis

ST. LOUIS—John Morrell, Equitable Society million dollar producer in Chicago, spoke to the St. Louis Life Insurance & Trust Council.

Final Action on Mass. Indemnity Is Deferred to Feb. 23

BOSTON—The Massachusetts Accident was declared insolvent by Justice Lummus of the Massachusetts supreme court in an all-day hearing but the court empowered Commissioner Harrington as receiver, to continue the company in the writing of new business under certain conditions.

Justice Lummus rejected the plan for reinsurance of the Massachusetts Accident by the Union Mutual Life of Portland, Me., as submitted, on the ground there was no provision fixing definitely the cash to be paid a non-assenting holder of a non-cancellable policy. A further hearing was set for Feb. 23 on this angle of the case.

Connecticut Mutual School

RICHMOND, VA.—Virginia agents of the Connecticut Mutual Life attended a three-day school in advance underwriting conducted by G. C. Coulson of the home office in cooperation with D. C. Little, general agent here.

Big Group Gains Are Noted by Parkinson

Equitable Society President Reports at Supervisors Gathering on Results

NEW YORK—Group insurance registered notable gains in 1939, continuing its upward course, T. I. Parkinson, president Equitable Society, told Equitable agency supervisors in session here. In the Equitable the number of applications for the several group coverages received in the first six weeks of 1940 was almost twice the number in the corresponding period last year—which set a 12 months' record for group applications.

The Equitable Jan. 31 passed the $2,200,000,000 mark in volume of group life insurance in force, a gain of more than $200,000,000 in the last 13 months. Group life was introduced by the Equitable in 1911. The volume on its books protects American employes through more than 1,250,000 individual certificates.

Glasser Millionaires' President

Mr. Parkinson's announcement was made at a dinner meeting of the Group Millionaires Club, an organization of 173 Equitable representatives, each of whom has written at least $1,000,000 group insurance in a calendar year. J. B. Glasser, Chicago, was elected president for the coming year, and M. B. Higgins, Pittsburgh, named vice-president, it was announced.

Business meetings of the agency supervisors are devoted largely to discussions of two forms of employe protection—group and salary savings insurance—and to two special services, Equitable "assured estates" and "extended income" plan, designed to guide a policyholder in designating scientifically his economic objectives in life, commensurate with his ability to provide for them.

"Extraordinary gains were made in every form of group protection in 1939," Mr. Parkinson said. "The upward surge in applications that was particularly noticeable in the final three months of the year has continued into 1940, judging from the Equitable's experience. In the first six weeks of the year we received a total of 233 group applications, in comparison with 121 in the same period last year.

Group Premiums Much Greater

"The increase in Equitable group insurance is further shown by group premium income, which in the first month of this year was 100 percent greater than that in January, 1939. Plus figures are registered in every group coverage.

"These facts are distinctly encouraging, furnishing evidence that employers, while providing group life insurance in a steadily increasing volume, are endeavoring to go as far as possible through other forms toward protecting their employes against the major hazards of life.

"This tendency is indicated by gains in group accident and health and group accidental death and dismemberment insurance, and group annuities, as well as in group hospitalization and surgical care. This combination coverage, which was especially popular among employers and employes last year, is destined to grow in popularity, now that it has been made available to dependents of employes."

Glasser and Higgins Millionaires

Mr. Glasser as president of the Group Millionaires Club succeeds P. H. Williams, Chicago. He has been a leading agent of the Equitable for many years, producing more than $1,000,000 in each of four years and holding high rank in writing other forms of protection.

Mr. Higgins, the new vice-president, has been a million-dollar group producer in each of five years, and also has made a fine record in writing other types of insurance.

Drive on 35th Anniversary to Honor Officials

The Central Life of Illinois in celebrating its 35th anniversary this year will conduct a four months' anniversary drive for business. The anniversary campaign starts March 1 and continues during April, May and June. Four separate drives are planned, each with a specific object in mind. March having been designated as an inaugural month. In April each agent will try to better his production competing against the biggest month he had during 1939. May

ALFRED MacARTHUR

production campaign will be in honor of S. B. Bradford, secretary-treasurer, who is one of the original founders of the company. The campaign will be concluded in a final drive in honor of President Alfred MacArthur.

The Central finished 1939 with a substantial increase in new paid business and a gain in assets and surplus.

Neblett Case Drags Along

LOS ANGELES — When the hearing of the Col. Wm. H. Neblett suit to upset the rehabilitation of Pacific Mutual Life, was resumed, the plaintiff questioned the jurisdiction of the court on the voting trust, although he did not say he believed the court lacked jurisdiction, but left it open for determination later. He said he was ready to prove that the fraud, insolvency and conspiracy allegations were kept out of the proceedings before Judge Willis, although he had made efforts to have them litigated.

Rebuffed by Court

The court informed him it was not interested in whether the facts had not been presented, but was interested only in the legal position at this time. The court also ruled that it would not go into the reporters transcript of the 1936 proceedings at this time.

Neblett continued his argument until court closed, citing cases and answering questions from defense council.

During the day Judge Vickers informed counsel that he had just learned his sister, Mrs. Louise V. Barrett, was a stockholder of the old company.

Perry Price of Commissioner Caminetti's counsel declared that Neblett's argument was based on a false assumption, and said it had been established by the court that the old company was insolvent and Commissioner Carpenter had the right to seize it; that when a company is insolvent he must plan in advance what to do and is entitled to consult the officers of the old company. He took the stand that the collaboration of Mr. Carpenter and the officers of the old company was not actionable as conspiracy.

The court said he had been informed of the death of Neblett's mother, Mrs. L. H. Neblett, in Baltimore, and then adjourned court.

U. S. Tax Situation Is Disquieting

Government Hunger for Revenue Creates Problem for Life Companies

Government hunger for taxes with which to carry on its fiscal policy is resulting in a more exacting, critical and sometimes arbitrary attitude of the commissioner of internal revenue in administering the tax laws, W. W. Chambreau, Washington tax authority, told the Chicago Actuarial Club at the monthly meeting. The situation is that the commissioner has the power to interpret the revenue laws, and these interpretations in effect are the law until changed by court decisions.

The court decisions are not definitely to be relied upon, Mr. Chambreau said, for there is evident a tendency to give far less weight to the precedent of even what would have been deemed in the past an overwhelming number of court decisions all to one effect. This situation affects not only life companies, but their policyholders and beneficiaries.

Companies Paying Little Tax

The life companies are paying very little or no federal income taxes, due to the low investment income caused by the U. S. lending policy, Mr. Chambreau said, and to some new deal theories, particularly. Few companies show much of an excess interest earning over their reserve requirements.

The Treasury Department now is trying to collect more taxes from the companies, notably through a construction that deductions in the income tax return are not allowable on disability reserves and reserves held for supplementary contracts. Such deductions have been disallowed by the commissioner, Mr. Chambreau said, although from 1921 to 1935 both the tax laws and regulations recognized such reserves as having been contemplated by Congress as subject to deduction.

The laws were reenacted without change, and the regulations in this respect were unchanged. These reserve deductions still should be allowed, Mr. Chambreau said. Pending final determination by the U. S. Supreme Court, he is advising his clients to continue to claim the deductions with respect to all classes of disability reserves set up out of premiums, and likewise the deduction relating to reserves held for all types of supplementary contracts. The companies should continue to claim them, he said, in order to preserve their rights. Mr. Chambreau expressed the conviction that the Supreme Court will be more than likely to decide in favor of the taxpayers on the disability reserves deduction.

Cites New World Life Case

The New World Life case pending before the high court involves this very issue, including claim for right to deduct investment expense as well. Petition for writ of certiorari was denied last November, when motions for rehearing and to extend time were filed, time being extended to March 15. Whether the court will hear the case depends on whether, meanwhile, conflict in decisions on the issues involved should appear in courts of equal jurisdiction. It is hoped one of the many similar cases pending on this question of disability reserves deduction will be decided and will develop this conflict.

Other cases on this issue of reserves deduction are Pan-American Life, in U. S. circuit court of appeals, fifth circuit, New Orleans, involving disability and supplementary contracts reserves, to be argued March 11; Oregon Mutual Life, pending in the ninth circuit U. S. circuit court of appeals at San Francisco, involving only disability reserves, which probably will be argued in March or April on appeal of the government from a decision favorable to the company; Monarch Life, pending in U. S. circuit court of appeals at Boston, involving disability and double indemnity reserves, also separate accident and health policies with disability reserves, and reserves on unearned premiums and noncancellable policies, to be argued April 7 or 9; Volunteer State Life, pending in U. S. circuit court of appeals at Cincinnati, involving investment expenses only, argued last Oct. 10 and decision may be rendered at any time on appeal of the government from ruling by the board of tax appeals in favor of the company.

There are many cases pending in the board of tax appeals involving these same issues and many other questions, Mr. Chambreau said.

A disquieting feature of the tax situation, Mr. Chambreau said, is that the new deal authorities are apparently not interested in what is the law, but only in their objective—to collect more money. They are therefore not content with a clear finding in the light of actual statutory law and also strong precedents down through the years. If they get an unfavorable decision on a major point, they keep the case in the courts, apparently with the hope that at some point they will get the decision that they want.

Mr. Chambreau emphasized that the old order has gone out for good, and that in these fast changing times almost anything may be expected. For this reason, with the changing complexion of courts, it is difficult to secure a status of facts based on court decisions which can be accepted as the rule to follow.

Ralph Booth, statistician Travelers' Chicago branch office, discussed company changes in policies, including war clauses. Ross E. Moyer, vice-president and actuary Continental Assurance, club president, presided.

Seeks to Recover Wisconsin Levy

The Lutheran Mutual Life has filed suit in Madison, Wis., to recover $2,574 levied by the state of Wisconsin last year and paid under protest as a 2 percent tax on contributions from holders of fraternal certificates. The company contends it had been licensed in Wisconsin from 1916 to 1938 but that former Commissioner Mortensen refused it a license last year unless it paid the tax on 1938 contributions. The company contends it is not liable for the tax. The state has filed a demurrer to the complaint.

"Insurance Field" Shifts

The "Insurance Field" announces that Elmer Miller, Jr., managing editor at its headquarters in Louisville, has been made eastern bureau manager and associate editor. E. M. Ackerman, associate editor in the New York office, has been appointed eastern advertising manager, succeeding William Stedler, who goes with the Weekly Underwriter.

Veteran Kansas Agent Dies, Had Policies of '80s

When Lewis Brown, 78, Columbus Mutual Life agent in Hutchinson, Kan., died following a four months illness, his beneficiary received the proceeds of three policies written in 1880, 1884 and 1891, which had been retained during all those years. As further proof of his belief in life insurance, it is reported that Mr. Brown sold a retirement annuity to his attending nurse from his deathbed.

Mr. Brown's first policy was purchased in Winfield, Kan., where he was in the drug business, and was a $3,000 ordinary life issued by the Mutual Life of New York, which company he later represented in Hutchinson for some years. It required a $1 policy fee and prohibited him from going south of the Mason and Dixon Line, except for special permission to visit Savannah or Charleston, providing he did not remain longer than three days and that there were no epidemics in those cities at the time.

Elucidation of Paper Is Made

Vice-president and Actuary Hope of the Occidental Comments on Change in Insurance

F. M. Hope of Los Angeles, vice-president and actuary of the Occidental Life of that city, writes to THE NATIONAL UNDERWRITER, further elucidating the points made in his paper before the local C.L.U. chapter, a synopsis of which appeared in this publication Feb. 2. Mr. Hope says:

"I was indeed pleased to see you emphasize the most important thing to my mind in that talk, the idea that some general change must take place in the form of life insurance offered to the public if life insurance is to continue its strides towards the adequate insurance of the nation, say now four hundred billions based on the present population. Thus in at least three places in your synopsis you referred to the need of less expensive, though just as good life insurance, if adequate protection is to be brought within the ability of the country's pocket.

"In this connection, as you know, I suggested the question: How much more than 5 percent of the national income can be diverted to the life companies? I think the use of this figure of 5 percent might be subject to criticism, and I want to submit further data to you on this matter.

"It seems to me that the proper thing to do in making a comparison of insurance companies' income with the national income is to use the net (not the total) income of the companies. This net income, as you will see from Exhibit A, has never reached 5 percent of the national income and during the nine years, 1930 to 1938 inclusive, has only averaged 3.7 percent of the national income. The actual aggregates for these nine years are: Net income of companies \$18,785,000,000, national income \$502,500,000,000. In my paper I said, referring to Graph B, that 5 percent of the national income was reached in 1927. This is not true if we use net income, which was only about 3 percent of the national income in that year. By net income I mean gross income less repayments and payments to policyholders and beneficiaries but not less expenses.

What the Exhibit Shows

"In graphic illustration of this I am adding an amended Graph B on which you will find a new line representing the net income of companies after payments and repayments to policyholders and beneficiaries. This line corresponds to Col. 5 of the Exhibit A.

"Now I should like to submit the figures in Exhibit A and their graphic representation in amended Graph B as a correction to the implication of government statisticians that the life companies imposed in depression years an undue strain on the national income (see pages 1182 and 1530 of the report of the hearings before the Temporary National Economic Committee, Document No. 124491 of the United States government printing office). There you will see the total income of the companies stated as 11.6 percent of the national income in 1932, 10.9 percent in 1933, and 9.6 percent in 1934. If the net income of the companies had been used the figures would have been 2.6 percent, 3.7 percent, and 4.2 percent as shown in Col. 8 of Exhibit A. Thus in 1932, when the national income went down to about forty billions, no less than 9 percent of that figure, or \$3,600,000,000 was released from the life companies back into the money stream of the nation.

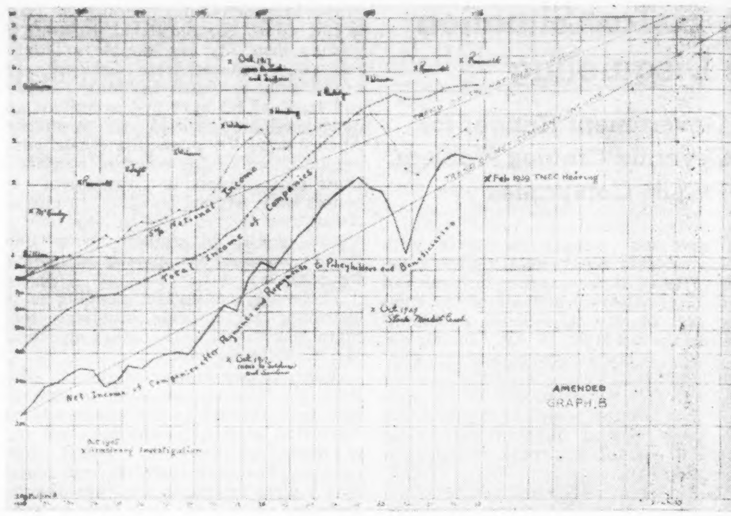
Criticism of Surrender Figures

"I trust the amended Graph B will also interest you because it shows the quite remarkable correlation between 5 percent of the national income and the net income of the companies. Generally speaking, the net income of the companies seems to anticipate by about one year the ups and downs of the national income. I should also like to present something in the nature of a criticism on the surrender figures presented in Section 7 of my talk. These surrender figures contained a great many foreclosures of policies on account of policy loans. The money, as you know, may actually have gone out in policy loan a year or two before the surrender was put through disbursements. So, I beg to submit the following table of policy loans and surrenders for the seven years 1929 to 1935 inclusive. It is very interesting to note how the big run for money really began in 1929 instead of in 1931 as might be indicated if surrenders only were considered, and that a much larger peak was reached in 1932 than is indicated by merely the surrenders.

POLICY LOANS AND SURRENDERS
Combined Aggregate of United States Life Companies
All figures in thousands—From Spectator Year Books

Year	Policy Loans	Increase	Surrenders	Increase in Loans & Surr.
1929	2,379,360	379,222	447,951	827,173
1930	2,807,012	427,652	614,223	1,041,875
1931	3,369,147	562,135	861,023	1,423,158
1932	3,805,752	436,605	1,346,113	1,782,718
1933	3,769,356	—36,396	1,356,613	1,320,217
1934	3,657,775	—111,581	1,077,823	966,242
1935	3,539,609	—118,166	882,533	764,367

"I should like to mention one other point, viz., that in considering the assets of the companies we should eliminate policy loans. In a sense policy loans are not an asset but merely a source of income. The policy loan is satisfied the moment it is made. It can be proven by an actuarial formula that the so-called interest is in the nature of an adjustment in the premium. Therefore, it would not be amiss to eliminate policy loans from the assets on the one side and from the reserve liability on the other side of the companies' statements. If policy loans are omitted as of Dec. 31, 1938, the total admitted assets of the companies come down to \$24,365,728,000, instead of \$27,754,661,000. Thus the figure representing 'concentration of economic power' in the life insurance companies at the end of 1937 is \$22,850,000,000, not \$26,249,000,000 as shown in Exhibit No. 221 on page 1513 of the TNEC report."



AMENDED GRAPH B

Employer Must Contribute on Group A. & H. in Bay State

BOSTON — Orders issued by Commissioner Harrington make it mandatory for employers to contribute to the cost of all group accident and health policies sold in Massachusetts. The ruling does not apply to non-profit group hospitalization plans.

The commissioner's requirements are:

1. Where the premium is to be paid by the employer and employe jointly, the insurer shall require from the employer a minimum contribution of 1 cent per month per \$10 of weekly indemnity.

2. Any policy or policies offered to employes where the writing company specifies that a minimum number of percentage of employes must be covered is regarded as a group policy.

3. Any policy or policies advertised or represented as group or group rate policies offered to employes shall be considered as group policies.

4. When any policy (or policies) covering group life is combined with group accident and health, a separate contribution must be made to the premium of the accident and health coverage by the employer as specified above.

5. The statute does not require an employer-contribution to death and dismemberment coverage, but where death and dismemberment is combined with accident and health coverage, the separate statutory contribution must be made to the premium of the accident and health coverage.

6. The ruling does not affect existing contracts for the remainder of their terms, but renewals must be written in accordance with this order.

W. L. Dugger, vice-president and agency director Great American Life of San Antonio, Tex., and Mrs. Dugger have announced the marriage of their daughter, Sarah Lillian, to Bert Schwartz of Houston.

Exhibit A—Comparison of Total Income and Net Income of U. S. Life Insurance Companies with National Income

Net Income arrived at by deducti g payments to policyholders and beneficiaries each year
(Figures in Millions)

Year	Total income of companies, prems., interest, etc. (1) \$	Dividends (2) \$	Col. (2) plus surrenders and increase in policy loans (3) \$	Col. (3) plus death and double indemnity claims, matured endow., also disability ann. and supplementary contract pay.* (4) \$	Net income of life companies Col. (1) minus Col. (4) (5) \$	National income (6) \$	Percentage ratios of company income to national income: Total income Col. (1) to Natl. income (7) %	Net income Col. (5) to Natl. income (8) %
1900	401	20	60	190	210	18,000	2.2	1.2
1905	642	40	120	300	340			
1910	781	80	200	440	340	30,700	2.5	1.1
1915	1,043	110	280	590	450	37,100	2.8	1.2
1919	1,560	159 (10.2%)**	258 (16.5%)**	727 (46.6%)**	833			
1920	1,764	158 (9.0%)	331 (18.8%)	799 (45.3%)	966	68,100	2.6	1.4
1921	1,951	190	557	1,039	912			
1922	2,149	227	528	1,088	1,061			
1923	2,427	275	557	1,173	1,255			
1924	2,703	320	681	1,330	1,372			
1925	3,018	348 (11.5%)	719 (23.8%)	1,368 (45.3%)	1,649	72,800	4.1	2.3
1926	3,330	377	814	1,527	1,803			
1927	3,673	418	928	1,686	1,988			
1928	4,088	466	1,050	1,914	2,174			
1929	4,337	513	1,340	2,341	1,996			
1930	4,594	554 (12.1%)	1,596 (34.7%)	2,674 (58.2%)	1,920	68,300	6.7	2.8
1931	4,850	585	2,008	3,231	1,619	53,800	9.0	3.0
1932	4,653	563	2,346	3,603	1,051	40,000	11.6	2.6
1933	4,622	499	1,820	3,076	1,547	42,300	10.9	3.7
1934	4,786	438	1,404	2,699	2,087	50,100	9.6	4.2
1935	5,072	424 (8.4%)	1,189 (23.4%)	2,537 (50.0%)	2,535	53,200	9.2	4.8
1936	5,180	418	1,003	2,433	2,747	63,500	8.2	4.3
1937	5,257	435	1,093	2,592	2,665	69,800	7.5	3.8
1938	5,358	447 (8.3%)	1,208 (22.5%)	2,743 (51.2%)	2,614	61,500 Est.	8.7	4.3
20 Yr. Total—1919-38.	75,372	7,814 (10.4%)	21,430 (28.4%)	40,580 (53.8%)				

*Prior to 1931 supplementary contract payments not available. **Figures in brackets are percentages of total income. Figures in Cols. (1), (6), (7) are largely from Exhibit No. 220, page 1513, report of hearings before TNEC, Feb. 6-17, 1939. Cols. (3) and (4) include the increase or decrease in policy loans which were not included in the TNEC report. Col. (4) indicates how much is released back to the nation by the life insurance companies each year.

Attacks Serve Only to Bring Solidarity

Miss Partridge, N. F. C. President, Addresses Field Managers Gathering

Attacks from without have served to draw the fraternal societies closer together, Miss Frances D. Partridge, secretary Woman's Benefit, president National Fraternal Congress, told the Fraternal Field Managers Association at its meeting in Chicago this week. They have impelled society heads to study their customs and operations, discard useless and improve faulty methods, adopt more modern ones and yet cling to the fundamental principles of fraternity.

In the early years the societies' troubles were internal, such as lack of adequate rates and of reserve funds, and the leaders' ignorance of proper insurance principles. Competition was keen and the societies' leaders scarcely knew each other. Each society battled its own problems alone. It was easy to interest people in low cost protection and the social and fraternal features. Legislatures and civic authorities were sympathetic with the system. The societies' funds were exempted from taxation, fees to insurance departments were minor and the societies' magazines had a low postal rate.

Attitude Greatly Changed

"We wonder sometimes how the legislative attitude is now so sadly complicated by a desire to tax those very trust funds we have held so secure for the members in time of need," Miss Partridge said. "We wonder, too, that so many who should still find interest and enjoyment in our local meetings neglect them, often for much less desirable amusements.

"Legal and actuarial experts in many insurance departments fail to understand or value the character of the fraternal system. They are uncomfortable unless they can change the fraternal law and departmental rulings to fit us in the 'old line' mold. They cannot grasp the workings of a representative government or see the safeguards it throws around the members' protection.

Try to Separate Functions

"They are uneasy over the claim that the members are insuring each other. They try to change this so that the society and the members will not be one, but two, and often in opposition. They wish all societies to be exactly the same, whereas we have thought it valuable to have differences that would fit various needs and desires. Yet they mean to be friendly and helpful. We do not despair of keeping our fraternal characteristics.

"Our problems now seem to be mainly from the outside. We are fortunate that we can present a united front in defending our institutions from attempted changes that would tend to destroy or at least weaken their most helpful measures. In the world so rapidly changing, there is grave need for the friendly character building, happy intercourse so freely offered to members and their children, as well as the economical, safe, permanent home protection that is afforded."

Fraternal Features Important

She said it is a healthy sign that there is an awakening interest among governing bodies in requiring societies to have fraternal features if they are to be licensed as fraternals. She noted the attorney-general of Georgia rendered an opinion that local fraternal bodies must give at least 50 percent of their effort to fraternal features or the society could not be listed as fraternal.

"This is a healthy recognition by them of the value of our system," Miss Partridge said. "Let us foster it. If any local bodies are inclined to feel that the local work cannot be fitted into modern times, there are many prosperous local lodges, well known and respected in their community, to refute this idea." Fraternalism has a splendid story to tell, she concluded. Its public relations effort, therefore, should have much better chance to succeed than that of many business concerns dealing in commodities and not human life.

General Chairman for Pennsylvania Days

ANDREW J. DAVIS

A. J. Davis, vice-president and director of the Provident Mutual Life, has accepted the general chairmanship of the 1940 Pennsylvania Insurance Days, to be held June 4-5 at the Bellevue Stratford Hotel, Philadelphia, according to an announcement made by John A. Diemand, executive vice-president Indemnity of North America and president of the Insurance Federation of Pennsylvania, under whose auspices the convention is held. A general committee to assist Mr. Davis will be announced in the near future. Mr. Davis is a graduate of the University of Pennsylvania Law School, where he was editor of the "Law Review." After some private practice, he joined the legal department of the Provident Mutual, and was made assistant solicitor, then general solicitor, and later vice-president. He is a vice-president and director of the Metropolitan Y.M.C.A. of Philadelphia.

Ivey Sets Good Example

Walter M. Ivey, Monarch Life, former president of the Pittsburgh Accident & Health Managers Association, "illustrated the importance of accident and health insurance" at the Pittsburgh Insurance Day accident & health forum, his colleagues jokingly remarked.

Mr. Ivey attended on crutches. He suffered a broken right leg in a fall about two weeks ago, and sustained six days total disability. Most patients could justly claim a longer period for an accident so serious, but if Mr. Ivey wanted to set a good example for claimants, he could not have chosen a better argument than his own experience.

Nashem Promoted by Acacia

SEATTLE, WASH. — Leland O. Nashem, Seattle, Washington state manager of Acacia Mutual Life, has been named assistant field vice-president. Paul W. Greathouse, who has served as assistant manager, has been advanced to the state manager.

F. Merrill Ginn, agent at Tacoma, has become assistant state manager.

State Farm Group Reports Big Gains

More Than 2500 Attend Annual Meeting in Chicago

Setting an all time high attendance record, more than 2500 representatives of the State Farm Mutual Automobile and its affiliates, State Farm Life and State Farm Fire, Bloomington, Ill., met for their annual convention this week in Chicago.

State Farm Life showed insurance in force as of Dec. 31, 1939, to be $61,277,-032 as compared with $55,040,597 the year previous. Assets increased from $3,121,295 to $3,943,884. Surplus to policyholders was $622,640 as compared to $570,473.

Recounts Group's Growth

In his annual message R. P. Mecherle president State Farm Mutual, recounted the economic difficulties experienced in this country in the past ten years and emphasized that it was during this period that the State Farm companies experienced their greatest financial growth. He urged the representatives to continue their efforts to secure a million or more policyholders by 1944 and pointed to the improvements in business in the past year as indicative that the goal will be reached. At present there are 659,284 policyholders.

To Increase National Advertising

In discussing "A Program of Action," A. W. Tompkins, agency vice-president, reviewed results of 1939 and announced that this year the national advertising campaign of State Farm group will be five times as much as heretofore. State Farm group intends to continue its development in metropolitan centers. A year ago only ten percent of its policyholders were city dwellers. Now this has risen to 30 percent and it is expected that by 1941 this percentage will be greatly increased.

Ward Phelps, consultant Life Insurance Sales Research Bureau, was also a speaker.

As is customary the colorful "Parade of States" featured the first day's session. Minnesota was high in production for the sixth consecutive year and thereby qualified as parade leader, followed in order by Washington and Virginia.

The first two days of the convention Monday and Tuesday were featured by general sessions and addresses by various officers and representatives. Wednesday and Thursday there were conferences for state district and special agents.

Landis Dehl of Casey, Ill., was hailed as the "high top" producer for his state for the seventh consecutive year. Other record holders are **O. L. Rose**, Alta Vista, Kans., sixth consecutive year, and **Charles Faudt**, Lincoln, Nebr., fourth consecutive year.

As usual, **G. J. Mecherle**, chairman of the board, was in mellow form. Mr. Mecherle is extremely popular with all representatives and members of the official staff who love his kindly humor and respect his business acumen.

Governor Heil of Wisconsin recognized State Farm Mutual's entrance into Wisconsin in a very signal manner sending down a display advertising Wisconsin's dairy products. Each person at the banquet, which was attended by more than 2,300 persons, received a quarter pound of cheese compliments of the state of Wisconsin.

Much hilarity was occasioned during the first morning's session previous to the "Parade of States" when representatives from Virginia presented Minnesota representatives with a model, life size **billy goat**. It signified their acknowledgement of defeat, at least in 1939, for high production honors.

An interesting feature of the convention was the **travel bureau booth** set up in the lobby outside the convention hall. A large road map and a well presented profusely illustrated magazine depicting State Farm activities and its leading policyholders were given away free.

R. G. Leuzinger Introduced

COLUMBUS, O.—An affair which is said to have been unique in life insurance circles was a banquet given in Columbus by the Ohio State Life with members of the Columbus Association of Life Managers and general agents as the guests. The purpose was formally to introduce R. G. Leuzinger, formerly of Cincinnati, who has just become manager of the Columbus territory for the Ohio State Life. Vice-president F. L. Barnes presided and A. R. Jaqua, Cincinnati, associate editor of "Diamond Life Bulletins," was the principal speaker.

Miss Jones Talks on TNEC Probe

Says Hearings Should Awaken Agents to Public Responsibility

KANSAS CITY—Taking as her theme the belief that the TNEC investigation should awaken life underwriters to a keener and fuller realization of their responsibility to the public, Beatrice Jones, Equitable Society, New York City, told 175 members of the Kansas City Life Underwriters Association that it is up to them to inform their policyholders the truth about the revelations of the TNEC anent life insurance.

The investigation has been a quite wholesome thing, in the opinion of Miss Jones. At no time, she said, has the material exposed been hard for the life insurance companies to bear. On the whole, it has been constructive.

Deplores Press Attitude

One angle of the investigation that has been quite difficult, however, is the attitude of the press. The press has worked on the old man-bites-dog theory of news; that is, a headline stating that the TNEC investigation shows life insurance to be safe would not make a very interesting headline.

Of course, the attitude of the press may disturb a great many holders of life insurance, but, in Miss Jones' opinion, this has simply put a little extra hook into the job of the underwriter.

"We must keep the thinking and mind of our policyholder straight. We must see that he understands how the TNEC investigation is being reported. Underwriters won't accomplish much in this direction, however, simply by talking about it among themselves."

Country "Moneypoor"

The object behind the TNEC has been to study industry, to find where there exist funds of such bulk as would constitute a monopoly, Miss Jones continued. Revelation of these investigations have been significant. They reflect a changed economy in the U. S.; an era in which money is, so to speak, a drug on the market. We are "money poor." We simply aren't using the money we have on hand.

This is due to a changing economy. The decline in the birth rate, the increase in span of life, etc., may lead to the point where "we will have to concede that we have reached a plateau. It is a pretty high plateau," said Miss Jones.

"If we have reached a leveling off period, it means we are going to have a change in life underwriting. We will have fewer people doing it, and doing it better than it has been done in the past 100 years. There has been a marked trend toward reduction in sales forces among large companies during the past year. They have given underwriters new plans, they are developing new sales techniques, they are intensifying training."

Facing Marked Changes

Miss Jones suggested that we are at the turn of an era, that we have passed through the long siege of trial and error, and that we are facing some very marked and some very definite changes in the manner of selling life insurance. For this most underwriters will be grateful, thinks Miss Jones. Most underwriters have at one time or another, or often, fervently wished there were fewer—and better—life underwriters in the field.

One thing the TNEC investigation has refreshed in the public mind is that life insurance costs are very much greater because the agent is in the picture. It does cost money to have underwriters sell life insurance, Miss Jones admitted. And there has come into being a great deal of thought that runs something like this: the government probably will get into the sale of life insurance.

"I don't believe that will happen," said Miss Jones. "But it might be just as well for us to explore what would happen, in case. One of the first things that would be done is the scuttling of the agency system. The government could hardly take over on the argument that the system is too expensive and then continue to use agents. It would have to find some other method of distribution."

Miss Jones expressed the belief that underwriters do not have a lot to fear on the score of government control. The political implications of doing something that would affect 65 million voters are too great; life benefits would become an issue in elections.

And, she added, "if you and I do a very good job of life underwriting, I don't believe we'll have to worry about the agency system being scuttled. We have a job, a serious one. Let's do it."

Mrs. Mildred Poindexter Miller, Penn Mutual Life, chairman of the women's division of the association, and H. E. Kincaid, Mutual Benefit, president, presided at the meeting. This was the one program given each year by the women's division.

EXPERIENCE IN 1939 BY LINES

	Total Assets $	Change in Assets $	Surplus to Policy-holders $	New Bus. 1939 $	Ins. in Force Dec. 31, 1939 $	Change in Ins. in Force $	Prems. Income 1939 $	Total Income 1939 $	Benefits Paid 1939 $	Total Disburs. 1939 $
Acacia Mutual Life.....	86,170,543	+7,022,928	3,412,797[1]	33,229,402[2]	410,875,279	+9,526,436	11,007,520	16,883,153	5,606,341[3]	9,985,746
American Savings Life..	2,525,917	+179,516	370,991	2,497,079	14,198,695	+155,599	344,733	803,885	288,921	610,162
Bankers Mut. Life, Ill..	1,494,307	+171,781	1,072,050	1,426,000	25,672,567	—111,408	538,511	592,049	264,766	386,967
Central Life, Ia.........	49,037,031	+2,567,877	3,878,551	17,748,326	167,911,346	+5,619,895	4,969,337	8,709,519	3,423,870	6,123,134
Conn. Mut. Life.........	365,498,997	+29,283,299	13,020,498	95,422,547	1,041,855,204	+28,765,245	44,294,816	72,340,848	28,669,826	44,782,582
Durham Life	6,165,894	+747,279	888,484	33,880,216	70,392,776	+6,685,660	2,543,403	2,800,417	773,498	2,021,325
Farm Bureau Life, O...	3,147,704	+442,134	553,988	9,431,733[4]	30,913,706	+6,455,797	1,021,867	1,154,151	443,301	721,143
George Washington Life	4,759,096	+60,963	383,546	1,983.093	18,001,797	+195,981	436,581	758,662	501,959	711,159
Gulf Life, Fla.........	6,985,704	+1,398,612	664,591	55,196,790	111,896,591	+18,872,300	3,856,979	4,199,761	835,772	2,877,684
Home Secur. Life, N. C..	2,889,285	+491,010	317,576[6]	18,473,366[7]	42,009,776	+3,754,005	1,429,326	1,568,145	297,704	1,083,209
Illinois Bankers Life...	26,913,404	—654,084	1,294,833	13,207,732	108,477,195	—2,478,945	2,999,109[8]	4,618,778[8]	3,635,293[8]	[8]5,282,219
Imperial L. (Ind.), N. C.	3,148,621	+343,811	400,000	8,507,998	21,353,846	+1,106,456	965,978	1,351,000	317,932	1,048,909
Imperial Life (Ord.)...	......	......	......	2,317,970	9,285,876	+801,669	229,372	......	......	......
John Hancock Mut.....	981,719,965	+61,212,376	62,961,337[9]	530,403,402	4,350,678,256	+175,121,057	156,648,193	209,862,946	95,678,234	148,876,662
Lincoln Liberty Life....	8,276,283	+275,812	222,137	7,156,000	32,019,000	+1,667,000	1,352,179	1,749,533	969,015	1,473,350
Manhattan Mut. Life...	1,285,247	+74,738	91,291	730,375	5,178,728	+23,168	142,089	207,589	88,548	156,019
Midland National Life..	5,789,483	+151,125	957,008	4,770,264	24,468,051	+658,392	623,989	940,609	426,943	810,578
Northwest. Mut. Life..	1,292,422,814	+59,321,122	57,186,342	195,179,748	3,911,212,531	+17,620,856	128,602,066	211,532,161	108,100,078	150,628,044
Oregon Mut. Life.......	18,817,371	+1,289,912	1,318,523	7,723,778	64,783,944	+2,968,889	2,376,434	3,555,338	1,459,087	2,296,435
Pacific Natl. Life.......	2,163,766	....	757,051	4,633,641	16,952,655	....	487,382	599,732	105,520	364,024
Pioneer, Neb.	673,794	+27,960	394,275	10,755	739,710	—50,575	17,113	130,394[10]	9,054	101,064[11]
Shenandoah Life	9,158,084	+358,221	872,513	30,144,225	195,984,388	+16,122,901	2,933,532	3,551,043	2,043,090	3,178,683
Standard Life, Ind.....	547,711	+166,187	309,497	6,092,000	14,493,000	+4,232,000	390,469	1,049,724	84,099	356,238
State Farm Life........	3,943,884	+822,589	622,641	15,517,011	61,277,052	+6,236,455	1,396,100	1,870,071	351,690	1,058,020
Sun Life, Canada......	912,021,015	+38,749,461	27,462,961	194,181,820	2,938,478,254	+33,097,968	113,988,763	170,494,716	89,927,722	132,543,092
United Fidelity Life....	6,622,119	+655,010	724,460[13]	11,761,061	48,795,720	+2,621,326	1,247,376	1,634,314	427,976	991,400
Western & Southern....	180,895,054	+9,296,022	28,383,923	188,258,429	938,673,577	+56,678,006	28,972,504	38,367,505	16,468,752	34,286,434
FRATERNALS										
Knights of Columbus...	49,210,836	+830,998	4,971,564	15,782,000	256,586,813	+164,931	3,750,523	6,765,284	2,998,221	5,206,229
Luther. Bro'hood, Minn.	10,043,257	+1,305,892	1,004,130	8,145,463	69,713,722	+4,379,210	2,086,922	2,572,875	630,715	1,275,019
Modern Woodmen	85,640,603	+6,985,713	......	61,114,797	578,541,864	—12,521,654	19,040,177	24,079,076	13,458,857	16,962,710
Polish Roman Cath. Un.	16,639,373	+989,426	368,313	4,212,000	92,273,277	+328,000	1,975,741	3,143,542	1,122,223	2,243,980
Security Benefit, Kan..	13,004,213	+1,448,222	2,307,557	4,168,926	83,386,186	—2,340,009	3,291,550	3,861,558	1,673,323	2,411,748

[1]Includes contingency reserve of $1,000,000
[2]Excludes increased and revived. Includes dividend additions.
[3]Includes reinsurance and excludes policy loans reinstated.
[4]Includes $1,272,500 group insurance.
[5]Includes $1,236,423 group insurance.
[6]Excludes voluntary reserve for contingencies of $40,000.
[7]Excludes revivals $1,290,037.
[8]Includes accident and health.
[9]Does not include contingency reserve for asset fluctuation of $25,000,000.
[10]Includes $112,367 A. & H.
[11]Includes $89,457 A. & H.
[13]Includes special funds $87,506.

Atlantic Life Officials Advanced

R. V. Hatcher, secretary and superintendent of agencies of Atlantic Life, has been elected vice-president. Kenneth R. Miller becomes superintendent of agencies, A. B. Scott secretary and general counsel, and H. K. Bache, Jr., assistant secretary. Dr. Cullen Pitt, formerly acting medical director, is elected medical director. J. W. Sinton, Jr., vice-president and director, also becomes a member of the executive committee.

Mr. Hatcher started with Atlantic Life in 1930 as claims attorney after having practiced law in Richmond for several years. He was made secretary in 1937 and head of the agency department in 1938. Mr. Scott also a former Richmond attorney, has been with Atlantic's legal department since 1930. Mr. Miller, for 7½ years with the Sales Research Bureau, following six years with southern companies in field and home office work, became manager of agencies of Atlantic Life in 1938.

Big Companies' Realty Experts Heard

(CONTINUED FROM PAGE 1)

basis, assuming the laws would permit it to be done permanently, or getting the farms in the hands of owners. Mr. Rogers said the company could do better owning and managing the farms than as mortgagee even though this might not be apparent because of the heavy rehabilitation expenses that have made the company's management look less favorable in the early years. He said he hopes to have these rehabilitation expenses out of the way by the end of next year.

O'Mahoney commented on the parallel between the Metropolitan's rehabilitation work and that of the Farm Security Administration. He said that apparently about the same percentage of turnover existed in both situations. Mr. Rogers said that differences of opinion between the tenant and the company were pretty well taken care of in advance through the terms of the lease.

SOCIAL VIEW

O'Mahoney also said he was glad to hear Mr. Rogers' opinion that from a social point of view the farms should be sold back to the people on the land. "One of the troubles in this country has been the divorcement of people from the land," O'Mahoney said. Answering a question by Herring, Mr. Rogers said last year 175 Metropolitan tenants were able to buy the farms they were working, some paying as little as 4 percent down. He said that this year the company is making an analysis of all tenancies with a view to making arrangements under which the tenants can become owners, while at the same time continuing to have the cooperation of the Metropolitan's agricultural experts.

This process has to be undertaken only after thorough consideration of all factors, since the responsibility weighs heavily on the farmers, mostly young people, who are the buyers. The catastrophe they have been through has shot the nerves of many of these people and it takes time to rebuild their confidence, he said.

"Character" Sales Made

Mr. Rogers said that while the usual down payment in a sale to a tenant is 10 percent, some "character" sales have been made for as low as 3 percent down payment. If the buyer is a speculator or a non-resident, the usual down payment is 20 percent. On one small southern farm the character sale involved a down payment of only $100. Prices, he said, are based upon surveys by field men and are not dependent on book value. Defending 10 percent as a low down payment, Mr. Rogers pointed out that the federal land banks require 15 percent. He said that tenant farmers were expected to have animals and machinery but that where a farmer ran into an unexpected loss during the crop year the company frequently lent money with which to buy additional animals or equipment.

Asked by Gesell why the Metropolitan had more farm property held more than five years than any other large company, Mr. Rogers attributed it to the Metropolitan's relatively greater concentration of mortgages in the areas hit by drought in 1934-5-6 plus its rehabilitation program, which tends to slow up the process of selling. He pointed out that it is better for the farmer to take over a farm on which he will not have to make major essential repairs. Otherwise, having extended himself to make the down payment an additional heavy expense leaves him broke and discouraged.

After hearing Mr. Rogers' story of the completeness of the Metropolitan's farm loan and real estate setup, Henderson remarked, "The only thing lacking is a surplus disposal and stamp plan." This got quite a laugh, as did Mr. Rogers' remark that when it came to marketing, the tenants, under the government's program, "would rather seal their corn and buy ours."

In response to a query from O'Mahoney Mr. Rogers said it was a fact that he had been frequently consulted by the Department of Agriculture and volunteered the statement that consultations with department men had also been helpful to the company. O'Mahoney jokingly remarked that perhaps it should have been called the "Wallace-Rogers program."

PRUDENTIAL PLAN

R. R. Rogers, manager of the Prudential's farm loan division, gave testimony similar on many points to that given by Mr. Rogers of the Metropolitan. One evident difference in policy was on rehabilitation, the Prudential taking the view that this should include only the minimum of repairs that would prevent deterioration, feeling that anything beyond this would better be left for the farmer himself in consideration of a lower sale price, since he could manage most rehabilitation work more cheaply than the company could do it for him. The Prudential's policy tends to quicker unloading of farm properties, Mr. Rogers' testimony indicated.

As with the previous witness, Gesell tried to link up the farmer as a policyholder with the farmer as a borrower. Mr. Rogers said that the fact that a borrower might be a policyholder had no bearing but that the company has a general policy of putting the money out back where it came from. He admitted that one reason was that the Armstrong report criticized companies for concentrating investments in the east.

Conciliation Conferences Satisfactory

As to scaling down farm debts, Mr. Rogers said that this first came into prominence with the organization of debt adjustment or debt conciliation committees and that while he had at first taken the view expressed by the previous witness that farmers should not be brought up before the council except on the farmer's own initiative, he had talked it over with state officials and decided it would be all right to take the initiative. He said this plan worked out satisfactorily.

Turning to urban mortgages, the committee called to the stand John G. McLaughlin, acting manager real estate department Mutual of New York. Gesell was inclined to be critical of the Mutual's having concentrated its mortgage lending in New York City, principally in big buildings on which about half the loans ran from $250,000 up, with very few as small as $5,000.

Reason for Mutual's Policy

Mr. McLaughlin said this policy resulted from the company's unfortunate experience with farm and residential loans in the '80s and late '70s. He also said the company had made an extensive study of its foreclosed real estate dating back many years, and found it had lost nothing on it. He expressed the belief that it would be only a question of time before the company works out of the real estate it now owns.

Agreeing with this view the next witness, Frank L. Polk, New York City, prominent lawyer, and a trustee of the Mutual Life, pointed out that while the large size of the parcels held by the company makes it more difficult to find ready purchasers, it will take correspondingly fewer sales to take the properties off company's hands when the market opens up.

Putting to Mr. Polk the same ques-

tion he had asked the previous witness, Gesell wanted to know why the Mutual has not gone in for FHA mortgages. Mr. Polk explained that when the FHA question came before the mortgage committee it was decided that in view of the company's heavy government bond portfolio and the fact that defaults under FHA mortgages would replace the mortgages with additional government obligations it would be wiser to hold off for a while. The question is again up for review, he said, and it is not unlikely that the company may elect to invest in FHA obligations.

As to holding off from the field of housing projects as investments, Mr. Polk said this decision had been reached after consideration of the highly specialized nature of the field. However, the decision is not final, he said. He defended the investments in New York City mortgages on the ground that at the time they seemed the safest possible channel for the company's money but that since the slump in values the company has been going in for diversification.

Hammers at Write-Ups

Gesell attempted to make something of the fact that in some cases the Mutual wrote up its real estate values above even the highest appraisals. Mr. Polk pointed out that this was done only in a few cases where there was good reason, that the total amount of these write-ups was only $250,000 as against write-downs of some $15,000,000. Gesell also wanted to know if the witness didn't think the policyholders would be interested in a disclosure of the concentration of the company's lending on large New York City properties.

Mr. Polk said the information was all available in the insurance department figures but that it was his observation that stockholders and policyholders read very little and there is no use in a company's putting out a great deal that will not be read. He reiterated his statement that at the time the investments were made they were thought to be the best obtainable and were not being made "for love of the home town." In answer to a question from O'Mahoney, he said that no state had raised any question about concentration of investments in New York City.

F. W. ECKER ON STAND

As with several other witnesses, questioning of F. W. Ecker, vice-president of Metropolitan Life, quickly got around to the company's attitude toward FHA mortgages. Mr. Ecker said Metropolitan felt that in its housing projects it was filling the same need and consequently was not buying FHA's. He said the company contemplated housing projects in other states but at present is waiting to see how its Parkchester projects in New York city works out. He said safety is always the primary consideration but next to that comes the desirability from a social viewpoint of putting the money back to work in territories where it came from.

Questioned on Metropolitan's having 47 percent of its urban mortgages in the New York city area, Mr. Ecker pointed out that this area includes a radius of 50 miles outside New York city. He said this territory's proximity to the home office also facilitated handling. Henderson put in a good word by asking the witness if it were not true that the company was following the demand, since the demand is greater in the New York area. Mr. Ecker agreed, adding that there is less concentration of Metropolitan's mortgages in that area than formerly.

Challenges Gesell's Statement

Challenging Gesell's statement that Metropolitan has an "amazing number" of mortgages in excess of $500,000, Mr. Ecker said that actually there are only some 300 or 350 in this class, while there are about 58,000 below $25,000. At this point Chairman F. H. Ecker asked permission to add an explanation, saying that Metropolitan has always had a better opportunity to get large loans than small ones outside of New York city, as local competition is keener for the small loans, enabling the company to get a relatively higher return on the larger loans in those localities.

At Gesell's rejoinder that Prudential has a smaller percentage of big loans and that perhaps it was more a question of management policy than local conditions, the Metropolitan's chairman conceded that that might be the case, but that his company's experience had been as he stated. Henderson observed that Prudential might be set up to handle these smaller loans more readily while Metropolitan might be organized along different lines.

"I'm saying that so it won't seem as if we're trying to make Prudential look smarter than Metropolitan," said Henderson jokingly.

Effect of Amortization Plan

"Possibly they are smarter," said Mr. Ecker, "but nevertheless that has been our experience." One explanation of Metropolitan's getting fewer smaller loans was that the amortization plan, which it initiated, was unpopular among correspondents who thereby lost out on the renewal commissions they would otherwise stand to receive.

As to Gesell's observation that Metropolitan appeared to have a larger percentage of delinquencies among the larger mortgages than among the smaller ones, Mr. Ecker said it was too early to tell but that on the whole experience has shown the larger loans to be better.

Explaining the Metropolitan showing on the gross interest income tabulation in the big SEC investment report, Vice-president Ecker referred to the report's foreword, which warned against drawing unwarranted inferences. Getting hot under the collar as at previous challenges of the report's figures, Gesell wanted to know if the witness were challenging the accuracy of the interest item. Mr. Ecker said he merely wanted to mention that the Metropolitan gross interest figure included interest income after correspondents had deducted their commission, so that it would not represent a true gross figure but was to some extent a net figure.

He pointed out that the company had never capitalized interest and that in 20 years its average net cash earnings on mortgages were 4.23 percent. Asked what other companies reported gross interest in a way which permitted a more favorable showing, he said he was not in a position to testify on other companies but had been informed that there were other companies which followed such practice. He also mentioned that interest income on contracts of sale is not included and that Metropolitan has a large amount of such business as compared with other companies.

Explaining the number of Metropolitan's delinquencies, Mr. Ecker explained that the company did not foreclose promptly and that this policy worked out to the advantage of the company and the borrower alike. Also, unlike some companies, Metropolitan requires taxes to be paid ahead of interest, a policy which puts mortgages into the delinquent class sooner. Further, the company did not refinance its mortgages on modified terms as some companies did, but worked along with mortgagors on the original terms of the contract.

Ahead on Empire State Building

Chairman F. H. Ecker said Metropolitan is $3,800.00 ahead on the Empire State building, New York, by scaling down the interest rate on the $27,500,000 mortgage as compared with taking over the property by foreclosure when the building could not meet the contract rate of 5½ percent in 1937.

He said the company had entire freedom of choice as to whether to foreclose and denied emphatically that the ownership interests, including John Raskob, former Governor Alfred Smith of New York and the Du Ponts, threatened to move the tenants they had been influential in bringing into the building.

Mr. Ecker objected to Gesell's saying that the Metropolitan's compromising of the mortgage resulted in waiving $10,000,000 of interest, saying that this figure included projected interest, and that actually the amount waived was only $4,162,000. Including future interest, he pointed out, would be like regarding as a loss all interest that would have been paid on a mortgage had it run its full term rather than being foreclosed.

The Empire State loan was for 6 percent during construction, 5½ percent until 1940 and 5 percent thereafter. Mr. Ecker said Metropolitan has received 2.8 percent a year return on the outstanding face amount.

The T.N.E.C. adjourned Wednesday until Monday, when the question of cash balances will be studied. Winthrop Aldrich, chairman Chase National Bank, New York, will testify. Bond accounts will be taken up Tuesday. President C. J. Zimmerman of the National Association of Life Underwriters and perhaps other witnesses will be heard later in the week on agency practices.

FIREWORKS SET OFF

Most colorful spot in the proceedings to date was the clash in which Gesell and Henderson vented their wrath on Glenn Rogers, manager farm loan division Metropolitan Life, for turning the tables on his inquisitors after they were confident they had the Metropolitan in a hole.

The fireworks started when Mr. Rogers challenged the exhibit in the big investment report which showed that 20.6 percent of the Metropolitan's farm mortgages were delinquent three months or more as of Dec. 31, 1938. He denied that the figure was comparable with the Prudential's 6.9 percent, cited by Gesell, stating that the Prudential's more favorable percentage was due mainly to its having made more new mortgages and that if the comparison were on the basis of loans made during the troubled period before 1929 the two companies would show approximately the same experience.

"You are comparing an experience with new mortgages against an experience with old mortgages," Mr. Rogers pointed out.

Henderson Refuses to Yield

"I think you are comparing mortgages," Henderson insisted, reluctant to concede what was to have been a telling point against the Metropolitan. "The table undertook to compare mortgages."

Senator King, who was acting as chairman, sided with Mr. Rogers, saying: "Where you compare mortgages you may take into account the period in which they are delinquent."

"What you are trying to say," said Gesell, trying a new tack, "is that the Prudential closes down on these things hard and fast as foreclosure and you people are very lenient, is that what you are trying to get at?"

"No sir," Mr. Rogers answered. "I am trying to say this: the Prudential had $2,916,000 in the same classification (mortgages with interest delinquent over three years) as we have $3,111,000, which shows that both companies are working along with the old mortgages, trying to help them and about on an equal basis."

Rogers Explains Figures

Despite Gesell's efforts to hinder a full clarification of Mr. Rogers' point, the witness went on to show that in 1929 the Metropolitan had about $196,000,000 in farm mortgages, while the Prudential had an almost equal amount, $191,000,000; that it is the pre-1929 mortgages that are responsible for the trouble and that both companies are working with those mortgagors on about the same basis. Earlier he had mentioned that as far as mortgages made since 1932 were concerned the Metropolitan had made $25,000,000 of farm mortgages and had only five foreclosures and acquired only one farm.

In spite of Mr. Rogers' clear exposition of the fallacy of comparing two mortgage accounts when one of them was sweetened by a much larger percentage of new loans, Gesell again tried to put the witness on the spot, asking:

"If you had a choice of two mortgage portfolios, just had them sitting here, here is yours and here is the Prudential's, and yours is 20 percent delinquent three months and theirs is 6.9 percent delinquent three months, which would you rather have? I mean in terms of appraising the point it seems to n there is no question as to which company has the best performance."

Experience Similar Since 1932

"I can't see that," Mr. Rogers responded. "I think one acquires $107,000,000 of real estate and the other $100,000,000. What I say is that you can not fairly compare a portfolio of new mortgages with a portfolio of old mortgages and if you take our 1932 mortgages only and take the Prudential's 1932 mortgages only, I think our experiences would be similar."

Gesell's continued effort to undermine Mr. Rogers' contention led Sumner T. Pike of the Department of Commerce to go to the witness's rescue, saying, "Mr. Rogers has a point there which I don't think he has had the proper opportunity to finish bringing out. He has been cut off in the middle each time." He then went on to restate what he understood to be Mr. Rogers' explanation.

Even though King added a further clarification, the SEC was apparently counting heavily on the 20 percent delinquency figure it had chalked up against the Metropolitan, for Henderson said: "You would still have that 20 percent delinquency. There is no challenge on that."

Gesell attempted to make much of the fact that, although the Metropolitan had been lenient with delinquent mortgagors in many respects, its policy was not to reduce interest rates. He brought out that in one area they had been raised from 5 percent to 5¼, but Mr. Rogers explained that this was almost entirely offset because it was done as a substitute for the 1 percent commission usually paid by the farmer to the loan correspondent, since farmers could more easily pay 1¼ percent spread over the five-year period of the mortgage than 1 percent at the time the loan was made. The one-quarter of 1 percent was paid to the correspondent for servicing the loan.

INTEREST RATES

As far as interest rates were concerned, Mr. Rogers pointed out that the company's policy of holding to its interest rates was consistent with that of federal lending agencies until the passage of the emergency farm mortgage act. This statement gave Gesell an opening to ask:

"Then your policy, I take it, was controlled entirely by what the federal government did and not based upon an individual estimate as to how the problem should be handled?"

Equity Is Consideration

"Mr. Gesell, when you have 29,000,000 small policyholders, largely small policyholders, you are not very anxious to go out and automatically reduce the income of the institution in which those 29,000,000 people have an interest. Most of those people are people of small means. We have endeavored straight through to be fair to both sides, but we—"

"It gets kind of complicated when the farmer is also the policyholder?" Gesell broke in.

"Now Mr. Gesell, that isn't fair," Chairman O'Mahoney admonished the examiner. "That is an argumentative statement by you and the fact that some farmers may be holding policies in a particular company doesn't justify the assumption that the farmers and the policyholders are the same. Let's not have

an argument here between counsel and the witness. As I said a moment ago, there must be a fact. Now let's get the fact and we can develop that without argumentative questions, it seems to me, and I say that now to both sides."

Volume Is a Factor

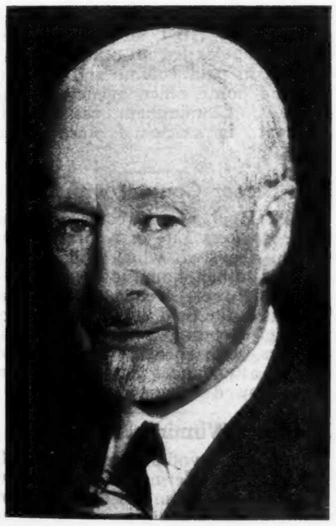
Most of Mr. Rogers' testimony dealt with the Metropolitan's farm loan policy and its experience in the country as a whole and in various sections. He said the reason the company has not gone into some sections is that about $5,000,000 of loans is necessary if an area is to prove satisfactory. Federal credit or ample supplies of local credit make a satisfactory volume impossible to obtain at satisfactory interest rates in some sections, he said.

Other witnesses were R. C. Limber, secretary Farm Mortgage Conference, New York City, an informal organization of life companies in the farm loan field. Mr. Limber's refusal to commit himself on questions to which he lacked the factual basis for an answer irritated Henderson considerably, who remarked, after suggesting that the witness be dismissed, that "if there comes a period when your association wants to obfuscate something, I think you would make an admirable witness." Substituting for Gesell, Helmer Johnson of the SEC insurance staff examined Mr. Limber.

A. F. HALL HEARD

Questioning of Chairman A. F. Hall of the Lincoln National Life was mainly confined to personal, collateral loans which he obtained from other life companies. Mr. Hall said he borrowed in 1929 $50,000 from the People's Life of Frankfort, Ind., on Lincoln National stock, which he owned, as collateral. A month earlier, he said, T. M. Ryan, chief counsel People's Life, had borrowed a like amount, putting up People's life stock as collateral. Mr. Hall denied there was the slightest relation whatever between the two loans.

At Gesell's request Mr. Hall read a letter which he wrote to the president of the American Central Life in May, 1929, and which, he said, was similar to 10 letters written to various insurance companies at that time. The letter mentioned that Fort Wayne banks were "terribly hard up for money and have



ARTHUR F. HALL

raised the rate of interest to 7 percent on loans on which stock is given as collateral." The letter stated that "several of us here want to make substantial loans at 6 percent on Lincoln National stock."

Bank Action Was General Cause

Again Mr. Hall denied that it was more than a coincidence that President H. R. Wilson of American Central sought a loan from Lincoln National in the same amount as the witness had borrowed from American Central. Mr. Hall testified further that J. A. McVoy of Central States Life borrowed $32,000 from Lincoln National and that he, Mr. Hall, obtained three loans totaling $40,000 from Central States. He said that he thought the other companies borrowed for the same reason that he did—the banks raised the rate. He said he could not borrow money from his own company, as it would be illegal.

FARM MORTGAGES

Consideration of the farm mortgage and real estate situation occupied all of last Thursday and most of Friday. Gesell stated some of the problems in an opening statement in which he said, after giving some statistics on the volume and distribution of mortgages and foreclosed real estate:

Cites Companies' Importance

"Because of their huge investments in farm real estate life insurance companies are an important factor in the agricultural economics of the country. Difficulties with these investments have placed them among the largest landowners in the country. The economic and social consequences of insurance companies as creditors of farmers and owners of farm land pose many interesting and difficult questions, some of which cannot yet be answered and others to which the answers can only be suggested.

"In the period between the war and 1929 insurance money in liberal amounts flowed into the agricultural country. In their efforts to secure good mortgages the insurance companies entered into active lending competition with one another and with the local financial institutions, making farm credit comparatively easy in some parts of the country. What were the effects of this generous credit upon agriculture? Will the insurance companies resume lending on the same scale as formerly? What will be the results if they fail to do so?

"In some parts of the country in which farm real estate did not appear to be as attractive as security as in other parts, the insurance companies made few farm mortgages. What has been the effect of this policy upon those sections? Has this policy served to enhance the difficulties of farmers in these areas? Has the result of insurance operations been a drawing off of capital from some sections, particularly from the farms of the south? And why have some companies not loaned money on farms at all?

"During the depression thousands of farmers came into financial difficulties and the insurance companies, as were other lenders, were forced to foreclose their mortgages in order to protect their investments. As landlords, these companies have become farm managers. What effect has this absentee ownership had upon the agricultural communities of the middle west? Has it encouraged the rehabilitation of these communities or has it resulted in an uprooted population?

Government Program's Influence

"In recent years the federal government, through the department of agriculture, has undertaken an extensive farm program. What has been the effect of this program upon the insurance companies' investments? Has it helped or hindered the insurance companies in their efforts to work out the problems which the unprecedented number of foreclosures forced upon them? And conversely, what has been the effect of insurance company ownership upon the government's farm program?"

Outlining the farm mortgage evolution from the early 1920s to today, Norman Wall, head of the agricultural finance division of the Department of Agriculture's bureau of agricultural economics, stressed the rapid rise of total farm mortgages from $3,200,000,000 in 1910 to $10,786,000,000 in 1923, a large part of the increase occurring in the latter years of this period because of the wartime demand for farm products.

Mr. Wall's statement that at the beginning of 1938 the federal land banks, the life companies, the joint stock land banks and state credit agencies owned about 29,000,000 acres of farm land, representing almost 3 percent of all acreage in farms and a higher percentage in the west north central section caused O'Mahoney to remark that the life companies and the federal government through its various agencies "are rapidly becoming the largest owners of farm lands, to the disadvantage of the individual." However, he readily agreed with Mr. Wall that this was a development following the adverse economic conditions affecting the farmers and not at all due to any desire of the life companies or the government to take over the farms.

Professor Murray Testifies

W. G. Murray, professor of agricultural economics, Iowa State College, criticized the payment of commissions to farm loan correspondents on the basis of loan amounts, since this tends to inflate loans and valuations, but added that there has been "a very healthy change in attitude" on the part of insurance companies and other lenders in making a more thorough examination of the fundamental security underlying the loans. Most of the loans were five-year loans, even though the farmer couldn't hope to pay them off in five years, but they were to the advantage of the correspondent, who would receive a new commission when the loans came up for renewal.

Mr. Murray said that after Iowa was hard hit by the depression from the land boom of 1919-20 the insurance companies refinanced the loans of commercial banks and other lenders from 1922 to 1923. O'Mahoney asked if it mightn't be said that the life companies bailed out the commercial banks and individual lenders. Professor Murray agreed, adding: "And then, during 1933 and '34 congress provided an agency to come in and bail out the insurance companies."

This led Henderson to ask, "Who is going to bail the government out?"

Policy on Extensions

Gesell attempted to get Professor Murray to state that local life companies were more lenient than out-of-state companies, who were less familiar with the situation. Professor Murray admitted that the outside companies were not as quick to grant voluntary moratorium periods to distressed farmers to enable them to get back on their feet.

Senator Herring of Iowa, sitting with the committee, interposed the statement that when the original proclamation was issued forbidding farm foreclosures three insurance companies disregarded

it but that all others accepted it and stopped foreclosures. The three companies were not named.

Professor Murray said that not being as urgently in need of cash as some other lenders, the life companies were less cooperative about scaling down values, taking the stand that land values in Iowa would come back. This attitude in time proved correct in many cases, he said.

As a means of getting the farms off the insurance companies' hands and back into ownership of farmers, the witness suggested an expansion of the use of the contract of sale to tenants.

"Some of the companies, we understand from local observation, are using that and selling to tenants on a small margin," he said. "Some of the other companies, particularly the ones in the east, do not favor, evidently, that type of sale."

"If you were an insurance company and honestly believed you were going to have an increase in the price level, you wouldn't want to have a contract of that kind, would you?" Henderson asked.

"Well, I would be up against this, that maybe that farm isn't making me much income now with a tenant on there from year to year not knowing he could stay and if I could sell that farm to a tenant he would be willing to take an interest in that farm and want to preserve the topsoil," Professor Murray responded. Answering another question from Henderson he conceded that if the companies held their land off the market they could sell it for more. Pointing out that the companies may not have priced the farms low enough for the farmers to buy them, he drew from Henderson the statement that "maybe it is a necessity for them to realize what they have got hold of, if they have got an asset that isn't worth as much as they have carried it at on their books."

East vs. West Again

Gesell returned with another question aimed at drawing a distinction between the eastern companies and the local companies. Professor Murray was uncertain whether it was the eastern or western companies that were moving their land fastest in the eroded areas but said he believed that with some exceptions the companies which are using the contract of sale, selling on a small down payment and getting the lands in the hands of the small owner-operator are the companies with home offices in the corn belt.

"It seems to me that the situation is pretty much the same as it was earlier in the depression," he said. "The eastern companies realized later on how to cooperate on the moratorium. We had fine experience later on. Maybe the same thing is true of these contracts of sale, that some of the companies in the middle west have found that that is a way to get the land over into the hands of the owner-operator."

Professor Murray said he felt the studies made by the college indicate that eventually sales by contract might be supplemented by an enlarged tenant purchase program in which the farm security administration would cooperate with the farm credit administration in working out loans to men who want to own and operate that type of security. He said that at present there is no cooperation between the two governmental agencies except that both are in the department of agriculture.

"It seems to me that the farm security administration, which is interested in making owners out of tenants, would avail itself through some authorization by congress if necessary of the funds which the farm credit administration is able to borrow in the investment markets to provide at least up to 75 percent of the amount needed to finance these tenants," he added.

Agents Pass Advanced Course

Ten new Bankers Life of Iowa agents were graduated from the company's advanced sales training course held in Des Moines by T. H. Tomlinson, assistant superintendent of agencies.

State Supervision Strongly Upheld by Illinois Federation

At the annual meeting of the Illinois Insurance Federation in Chicago this week a strong resolution upholding state supervision of insurance was presented by Gail Reed, a well known broker. It was unanimously adopted and reads:

WHEREAS, An investigation of life insurance by the Temporary National Economic Committee through the medium of the Securities & Exchange Commission is now in progress and the belief is growing in many quarters that an attempt may be made to use the results of this investigation as a basis for legislation seeking federal supervision and eventual control of all insurance, and

WHEREAS, State supervision of insurance has been in effect for many years, during which time it has been steadily improved and developed to a high degree of efficiency in providing ample protection to policyholders or their beneficiaries, thus leading to our belief that any needed improvement or correction of practices under existing supervision can be best effected with greater facility through the individual state departments rather than under regulation by any federal bureau or other agency, since the insuring public can more readily initiate corrective legislation, to effect quickly the solution of any problems that may arise with respect to insurance in their own particular localities, and

WHEREAS, Both the insured and their beneficiaries, as well as the insurance companies are primarily concerned in obtaining and in providing dependable insurance at the lowest possible cost, and such protection should not be burdened with the additional and unnecessary expenses of any direct or indirect federal supervision replacing, supplementing or superimposed upon the present methods of effective state supervision, and

WHEREAS, This organization does not oppose any fairly conducted fact-finding investigation of the insurance business not made for the purpose of providing a ground work for federal bureaucratic control, and

WHEREAS, This organization, as the record of past years will evidence, has believed in and supported constructive legislation for the effective and efficient supervision of insurance to assure the largest measure of protection and service with the intention to ultimately reduce the cost to the insuring public, and

Declaration of Principles

WHEREAS, This 20-year-old organization is comprised of representatives from every field of insurance in the state of Illinois, and it appears timely and pertinent that a declaration of the federation's position and principles be given on this subject, which can so gravely affect the savings of thousands of Illinois policyholders out of some 60,000,000 nation wide holders of life insurance policies, and the entire structure of insurance,

RESOLVED, By the Insurance Federation of Illinois, in annual meeting assembled, that

(1) We hereby express the affirmative conviction that state supervision of insurance holds at its disposal the factors necessary to the efficient and effective regulation of insurance, and that it is thereby closer to the people and more amenable to reform or improvement when needed.

(2) We hold the unalterable belief that the vitally important position which insurance has established through the years in providing protection, security and credit, is unimpeachable proof of able company management and thoroughness of state supervision;

(3) We are definitely of the opinion that any attempt, partial or otherwise, at federal supervision, replacing, supplementing or superimposed over that of the state can only lead to substantial increased cost to the assured and the taxpayers, accompanied by red tape complications that go hand and hand with bureaucratic control, and leading to unavoidable conflict with state regulation, all to the bewilderment of the purchaser of insurance and to the insurance industry, alike;

(4) We hereby record our continuing faith in the American insurance agency system which has been so largely responsible for building up the most valuable structure ever devised for the protection and security of our people's economic life, and hereby voice our strenuous opposition to any attempt at insinuating or thrusting the federal government into the insurance business, such a step being opposed to the traditional American way established on the free exercise of individual initiative, the free use of privately controlled capital and free competitive enterprise; and

RESOLVED, That a copy of this resolution be sent to both the United States senators and to all representatives from Illinois in Congress.

Two N. Y. Bills Passed

Amendments to the insurance law passed by both houses of the New York legislature include those dealing with the valuation of life policies and annuity contracts, and covering deposits of securities.

Mutual Trust Regional Rallies

Mutual Trust Life, which opened a series of regional gatherings recently, will hold another such session March 30 at Fort Dodge, Ia. A third rally will be May 5 at Columbus, O., and another is planned to be held at Marshfield, Wis. Agents who will attend the Fort Dodge meeting are conducting a business campaign in honor of A. B. Slattengren, vice-president, who probably will attend that and the other meetings. Dave Dawson, field supervisor of the central department, is making arrangements for the gathering at Columbus.

The regular regional conventions will be held later in the year at Wawasee, Ind., Aug. 12-14, and Swampscott, Mass., Sept. 2-4.

President E. A. Olson is expected to attend these meetings and speak.

Publicize Highest Rated Cases

American Reserve Life of Omaha now gives special publicity to the "Quality Case of the Month" in the monthly agents' magazine, the "Ambassador." Honor goes to the agent writing the highest rated case, as determined by a persistency rating plan. Quality factors of the case are publicized and the field man is asked to tell how he made the sale.

So far, the largest sales haven't been the winners. Company officials have found the highest rating case in the bracket only slightly above average.

Changes by Canadian Companies

TORONTO—Excelsior Life of Canada has changed its interest guarantee on settlement options from 3 to 3½ percent. The Imperial Life of Canada will continue its 1939 dividend scale and has reduced its interest payable on dividend accumulations and policy proceeds to 3.65 percent. The Equitable Life of Canada is continuing its 1939 dividends and its 4 percent interest on proceeds left at interest.

Plan Conference Entertainment

With the selection of Jacksonville, Fla., as the convention site May 15-17, F. P. Samford, president Industrial Insurers Conference, has enlarged the entertainment committee.

Named to aid General Chairman E. H. Speckman, Kentucky Central Life & Accident, are: T. T. Phillips, president Gulf Life; G. J. Guimond, vice-president Guaranty Life; J. H. Gooding, vice-president Independent Life & Accident; L. F Lee, president Peninsular Life; J. R. Anthony, Jr., secretary-treasurer Suwanee Life; L. C. McCabe, president United Life, all of Jacksonville.

Parkinson Claims the TNEC Seeks Publicity and Dirt

ROCHESTER, N. Y.—"If you want my political philosophy in a nutshell," offered T. L. Parkinson, Equitable Society president, "here it is:

"Government should be in the hands of responsible, elected representatives who look into the lives of the people, not in the hands of experts who hand down their orders from above."

He presented the case for "The Preservation of Business and Democracy" at the Chamber of Commerce.

Democracy's greatest peril today, he warned, is the growing incursion of the federal government into fields formerly reserved for local units. As an example he cited the TNEC's investigation of life insurance.

"If its members had got at the real facts, that would have been a great service to the country," he affirmed, "but they're not looking for facts. I've offered them those. I've placed the records of my company at their disposal. They're looking for dirt and newspaper headlines."

TNEC will propose legislation for federal regulation of insurance, but Congress will probably reject it, predicted Mr. Parkinson. He conceded that federal regulation would be more convenient because a company would deal with one unit instead of 48.

"But state regulation," he argued, "is speedier because it's more accessible, more realistic because it's in closer touch with the people."

Because of Senator Borah's death, six executive department representatives now hold majority in the TNEC, pointed out Mr. Parkinson, since only five legislators are left on the committee. "That's not right," he objected.

Occidental Life's Leaders

Occidental Life's production figures for 1939 show that Frank J. Longo of its home office agency again led in personally paid premiums for the year and was fourth in premium volume. General Agent C. E. S. Walls of Winnipeg, Man., was the leader in personally paid volume of business.

Showing a gain over its record 1938 business, the Hoyt M. Leisure agency in Los Angeles led all other Occidental agencies in paid volume and premiums, with the home office agency, managed by Ira C. Cunningham, assistant vice-president., in second place on both counts.

Seek Closer Contact with Field

C. H. Heyl, new director of agencies of the Bankers Life of Nebraska, is setting up a system which will give himself and other home office executives closer and more frequent contact with the men in the field. Each general agent is being encouraged to hold periodical meetings, with speakers from the home office in attendance. Satisfactory results have followed those so far held.

Celebrate Winning Award

The F. J. Reynolds agency of the National Life of Vermont in Chattanooga staged a banquet in celebration of winning of championship award in the production campaign the last three months of 1939. Preceding the banquet an all-day business session was held when sales plans for 1940 were made.

Karl G. Gumm, assistant superintendent of agencies, and Fred S. Brynn, agency supervisor, represented the home office. The agency was presented a plaque.

The Indianapolis agency of the **Columbian National Life** has opened new offices on the 13th floor of the Consolidated building. It is in charge of E. G. Horne, who recently moved to Indianapolis from Boston.

Mortality Tables Covering Insurance and Annuities

(CONTINUED FROM PAGE 3)

mutual life insurance premiums. By safety margin we mean the amount by which the gross premium named in the policy will exceed the actual cost of the insurance under normal conditions. The safety margin is needed to safeguard the policyholders from abnormal losses due to increased mortality resulting from epidemics or wars, or to investment depreciation in periods of severe, prolonged depressions. Under normal conditions the safety margins not needed to maintain a proper contingency fund are returned to the policyholders as dividends which are used in the great majority of cases to reduce the current premium cost. In some instances they are used to buy additional paid-up insurance or are left with the company to accumulate at interest.

If a modern mortality table were used in the calculation of premiums the safety margin would have to be provided by some other method and the ultimate size of the gross premium would be determined, as now, by the amount of margin felt proper by the management of the company. The proposition that gross premiums by and large would be reduced if a modern mortality table were used is by no means well founded, especially after the experiences of the depression. Psychologically it may be deemed desirable to use a more modern mortality table but the net effect generally upon the cost of life insurance to the public would be either nil or negligible.

How Public Opinion Could Help

One of the problems the business of life insurance may have to face one of these days is political interference with gross premium rates. Fortunately our policyholders are the saving element in the situation. Suppose a proposal were made in one of the states to force companies to reduce gross premiums below what the companies believed was the level necessary to provide an adequate safety margin. The change, of course, would affect new policies only and not old ones.

Now suppose that the companies were to send letters to their policyholders in the state giving them facts which might be condensed as follows:

"Your policy with us calls for a certain gross premium. However, savings made in the operation of the company give rise to dividends which are credited to you annually so that all you have to pay each year is the net amount obtained by subtracting the dividend from the gross premium. This dividend may be looked upon as a margin of safety against possible epidemics or other unforeseen losses, which assures beyond peradventure that your insurance is safe and that the provisions of your policy will be carried out without fail.

"Unfortunately under a mistaken notion that life insurance policyholders would be benefited a bill has been introduced in the legislature providing that from now on, the gross premiums in connection with new policies must be reduced below what your company management believes to be a safe level. This would mean that new policies would have what we consider to be inadequate safety margins. This change therefore would serve only to lessen the security behind your policy since any abnormal losses in excess of the safety margin in the new policies would have to be borne by you and other policyholders of the company owning policies calling for adequate premiums. Therefore we urge your support in defeating this dangerous proposal."

Information like this, widely disseminated among policyholders, would build an informed public opinion which, unless I miss my guess, would result in a quick withdrawal of the proposal. In the interest of its policyholders in the safety of their policies, the institution of life insurance has a reassuring safeguard against many types of unsound legislative proposals.

S. W. Sturm Is Feted by His Competitors (Cooperators)

CINCINNATI — A most unusual event in the business took place here when 28 of S. W. Sturm's competitors (Mr. Sturm calls them cooperators) joined to tender him a dinner in recognition of his services to the business. Mr. Sturm is a million dollar producer for Mutual Benefit Life and has produced $52,000,000 in 28 years. Now 73, he said that he gets as much "kick" out of an application now as he did when he started in business at the age of 45.

In making a short talk, Mr. Sturm said his first business was a "hand out" because one of his friends felt sorry for him. A short time later, when talking to another friend, the latter asked him what he had said to the first prospect, and after hearing Mr. Sturm repeat a few points, thoughtfully remarked that "that was a good idea." Mr. Sturm said the remark gave him a good idea: People bought life insurance when they got a good idea. Life insurance will make certain most of the problems people have, he said.

At company conventions, Mr. Sturm said other agents would frequently ask his advice on how to close a case. Mr. Sturm said that after he gave his ideas, the agent would exclaim, "That'll get him." He always asked agents to whom he had given suggestions to write him when they closed the case, but he never received a letter. The trouble is, he said, that most agents do not "till the soil."

Jack Lauer, independent, toastmaster, stated that Mr. Sturm was the one who sold him on the idea of going into life insurance 17 years ago. He said that he felt Mr. Sturm should have the designation of "professor."

Drewry Pays Respects

J. S. Drewry, Mutual Benefit general agent, said he felt Mr. Sturm had been responsible for the idea and development of life insurance as the underwriting of life values.

Sidney Weil, Mutual Benefit, who was also persuaded to enter insurance by Mr. Sturm, purchased several hundred thousand dollars of life insurance from him when Mr. Weil was in another business.

Mr. Lauer remarked that a prominent citizen had asked him how it was that Mr. Sturm had never called on him, stating that he had sold most of his friends.

Chicago Life Underwriters to Hear Milton Sherman

Milton Sherman, general agent Connecticut Mutual, Buffalo, N. Y., will be the featured speaker at the morning session of the sales congress of the Chicago Association of Life Underwriters, which will be held at Hotel La Salle, Chicago, on March 15. He will discuss "Closing."

Mr. Sherman has been with Connecticut Mutual for the past 17 years, becoming general agent in 1927 at Toledo, and going to Buffalo in 1937. He has a ten-year record of producing $500,000 or more in paid for business.

Other speakers in the morning will be C. J. Zimmerman, general agent Connecticut Mutual, National Association president, and L. S. Lyon, chief executive officer, Chicago Association of Commerce.

The new life insurance film, "The American Portrait," will be shown. Presiding at the morning session will be Harry T. Wright, Equitable Society, Chicago, vice-president National Association, and at the afternoon J. D. Moynahan, manager Metropolitan Life, Chicago.

EDITORIAL COMMENT

Sen. O'Mahoney and Federal Supervison

SENATOR O'MAHONEY's letter to Col. C. B. Robbins, manager and general counsel American Life Convention, helps somewhat to make clear the TNEC chairman's stand on federal regulation, although the significance of O'Mahoney's failure to make a definite, clear cut statement on his attitude toward federal supervision cannot be missed. However, since he obviously prefers not to commit himself even tentatively further than the indications he has given, perhaps it would verge on discourtesy to press him for a more exact statement and, anyway, it isn't necessary.

Clearly the only supportable assumption is that O'Mahoney is definitely oriented toward federal regulation of insurance. The real question is: How far will he go in what he decides to support when the evidence the TNEC is assembling is all in? There is a wide range of possible suggestions, ranging from merely requiring companies to file their regular convention statements with the government to a strangle-hold that would strip the companies of all but the most trivial powers of independent action.

While definitely an advocate of federal regulation of business generally, O'Mahoney indicated in proposing his national charters bill some time ago that he has in mind a rather mild form of control. All his talks have professed a distrust of centralized governmental control of business and industry and a belief in the inevitability of some form of "national standards" if the stifling variety of control—by government on the one hand or by big business on the other—is to be averted. At the same time his drastic proposal, which has got nowhere yet, for putting not merely teeth but fangs in the anti-trust law would blight business by making it even more baffling for honest business men to know when they were supposed to be violating the law.

Since O'Mahoney has revealed his attitude on federal control of insurance almost as clearly as if he had come right out in the open, no one should complain because he has not been as explicit in talking about federal regulation as he has been when denying any sinister design toward the agency system or industrial insurance. If he is sincerely in doubt as to what course, if any, his committee should eventually recommend, that is encouraging evidence of an open mind and freedom from preconceived panaceas. If, on the other hand, he has really made up his mind but believes it strategically unwise to show his hand at this point, it is reassuring to know that he is sufficiently unsure of his support that he feels the need of playing his cards as adroitly as possible.

Even more heartening is the marked difference in tone that has characterized the current series of hearings as contrasted with the insurance hearings held in the past. As a presiding officer, O'Mahoney has always been fair but in the hearings which opened last week he has been rivaling Senator King in saying a good word for insurance when the opportunity presented itself and in forestalling possible erroneous inferences. It is noticeable too that except where the Metropolitan is concerned a more genuine spirit of inquiry pervades Commissioner Leon Henderson, who has charge of the SEC's insurance study, and Gerhard Gesell, special counsel of the SEC, who does the examining. Their approach is much more that of finding out what life insurance is all about and less of trying to verify preconceived suspicions of negligence, incompetence, arrogance, or greed.

The effect of this new spirit is reflected in the witnesses who seem to have lost their fear that the investigators are trying to hang something on them. O'Mahoney and his fellow investigators should be given full credit for this change in attitude. Despite the sound basis of life insurance men's protests that their business was being maligned it would have been quite possible for the committee, instead of recognizing the justice of these complaints, to have taken an even tougher attitude than previously. If any good is to come out of the inquiry it will be largely due to the investigators' new attitude. It is fortunate for the insurance business that they have recognized this. Unfortunately the change didn't come earlier.

Appropriation for State Departments

WITH few exceptions most state insurance departments have not sufficient appropriation to carry on their work efficiently and give policyholders proper service. Commissioners have not adequate funds to meet the demands for capable examiners. They are forced in most instances to employ those that may be competent as mine run accountants but they do not have the capacity to go through an insurance company's books and records and interpret them intelligently. Therefore, some of the examinations are cursory and perfunctory. They are of little value in that any signs of weakness are overlooked.

A thorough going, forthright examiner is able to discern features in a company's operations that need to be changed. He thus becomes a genuine service man for the public in protecting the interests of policyholders and also is able to give a company suggestions of worth.

The U. S. Chamber of Commerce survey shows that taxes paid by the companies in 1938 were $106,979,000, the amount not including the taxes which the insurance business pays in common with all other lines. It was the original intent of special insurance company taxes to create a fund for meeting the cost of supervision. Yet in 1938 there were allocated for the operation of insurance departments $5,008,000. In other words, more than 20 times the amount of the expense of state supervision was collected and the over-amount went into general revenue. The survey shows that there is a fluctuation in the percentage of the amount appropriated for state supervision. In 1925 it was 3.65; in 1934, 5.39, and in 1938, 4.68.

The funds of a state insurance department should be sufficient so that examination expense should be borne by the state. Notwithstanding the great increase in taxes on insurance companies they are still burdened with the cost of examinations which run up into large figures. One of the issues before the National Association of Insurance Commissioners today is the cost of examinations and the ability of examiners of many states. Inasmuch as the companies are paying such large amounts to the state treasuries it seems perfectly reasonable to demand that a sufficient fund be allocated to the state insurance departments so that the work of supervision can be carried on in a competent, thorough going way.

Life Salesmen Bossing Themselves

JAMES F. OATES of Hobart & Oates, Chicago managers of the Northwestern Mutual Life, in speaking before the supervisors club in his city emphasized the fact that life insurance soliciting is a one-man business. He said that an agent should be selected, in part at least for his ability to boss himself.

As a matter of fact, comparatively few people are capable or have the administrative ability to operate a business successfully. Most people have to have definite duties assigned to them so that they can pursue a line of work marked out. It takes an entirely different mind to lay out and plan work. That is the reason that there are so many more employes than there are employers.

We agree with Mr. Oates that it is very essential for a life agent to become his own master and plan his work. Undoubtedly the great turnover is due to the fact that those responsible for the agents do not give sufficient attention to the very point that Mr. Oates raises. Much time is given to studying sales psychology and methods, and furnishing insurance knowledge. That is very essential. However, if an agent is incapable of guiding his own destiny, planning his own work, laying out his course of procedure, he will fail. Therefore, we need far more instruction on how to become one's own boss.

PERSONAL SIDE OF THE BUSINESS

Gregory O'Shea, general agent for the Central States Life in St. Louis, was struck by an automobile one night a few evenings ago and suffered a concussion of the brain and injuries to his knee and shoulder. A friend with whom he was walking was killed in the accident. Mr. O'Shea was taken to a hospital. It is significant that he had repeatedly tried to sell the friend with whom he was walking a $5,000 policy in the last year but without success.

The Concord (N. H.) Life Underwriters Association gave a dinner in honor of **J. B. Caldon,** an agent of the Connecticut General. He was presented with a radio for his automobile. William Goldthwait, manager of the Metropolitan Life, made the presentation. Mr. Caldon was closing 35 years in life insurance. Vice-president G. E. Bulkley, Connecticut General, Commissioner Rouillard of New Hampshire and President J. V. Hanna of United Life & Accident of Concord were guests. W. F. Grant, manager Aetna Life, presided. John Hallinan spoke for the life underwriters association. T. P. Rice from the head office of the Connecticut General was present and spoke.

Mrs. Josephine S. Marty, one of the high producers of the O. R. Frey agency of the Bankers Life of Nebraska, Lincoln, has been chosen chairman of the women's division of the Lincoln chamber of commerce. Mrs. Marty recently chalked up her 432d week of consecutive production.

A. B. Dygert, for many years with the Northwestern Mutual Life in Minneapolis and past president of the Minneapolis Association of Life Underwriters, is leaving the life insurance business

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to enter the milling industry. He will be executive assistant to F. A. Bean, president of the International Milling Co. of Minneapolis.

B. J. Wynne, president of Reserve Loan Life of Texas, has been confined to a hospital in Dallas, but expects to be able to leave in a few days.

James L. Loomis, president Connecticut Mutual Life, has been elected a director of the Colt's Patent Fire Arms Manufacturing Company.

A. C. Utter, veteran Detroit general agent of the New England Mutual Life, contracted a severe case of influenza on his return to Michigan from Florida and was confined to his home for ten days.

M. J. Lesnak, Ohio State Life agent at Youngstown, O., has just completed 6½ years of consecutive weekly production.

O. J. Arnold, president Northwestern National Life, presided at a conference luncheon in Minneapolis in connection with the first regional conference on citizenship and government sponsored by the National Municipal League and the Minneapolis Civic Council, of which Mr. Arnold is chairman.

Charles T. Warner, former Ohio superintendent of insurance, has announced his candidacy for the nomination for common pleas judge in Columbus.

Sidney Wertimer, manager Buffalo ordinary agency Prudential, was honored at a testimonial dinner on his 30th anniversary. C. A. Carr was toastmaster.

E. B. Stevenson, executive vice-president National Life & Accident, spoke to the annual meeting of the Nashville Real Estate Board on "The Stability of Real Estate as an Investment."

G. A. Sattem, superintendent of agencies Mutual Life of New York, en route to the home office from a trip through the south, visited the Richmond, Va., agency. He was the honor guest at a dinner given by Eldon D. Wilson, Richmond manager.

George R. Kendall, president of Washington National of Evanston, Ill., has returned from Miami Beach, Fla., after an absence of about two months. His stay was extended longer than he had anticipated because Mrs. Kendall was stricken with pneumonia and entered the hospital there. She has now left the hospital but will remain in Florida for several weeks.

In recognition of his 100th consecutive special mention on the Sun Life's honor roll, **Max Kumis** of Newark was tendered a luncheon by the agency staff of the Newark office. A. E. N. Gray, assistant secretary Prudential, spoke on "The Formula of Success."

W. H. Somerville, general manager Mutual Life of Canada, has completed 40 years with that company. He started in the actuarial department, was appointed secretary in 1920 and general manager in 1926. He was honor guest at a special dinner at the head office.

E. C. McGriff, special agent of W. H. Blackburn & Son, Indianapolis, general agents Paul Revere Life, suffered a skull fracture in an automobile collision near Greenfield, Ind. He was taken to an Indianapolis hospital where his condition is considered serious.

Petitions are in circulation in Nebraska for **W. W. Putney,** president of the Midwest Life of Lincoln, as a candidate for delegate to the Republican national convention.

H. S. Wilson, president Bankers Life of Nebraska, has been elected a trustee of the University of Nebraska foundation, along with Mrs. A. C. Stokes, widow of the late Dr. Stokes, for 30 years medical director of the Guarantee Mutual Life of Omaha. W. W. Putney, president Midwest Life, is a member. The foundation is authorized by law to receive gifts and bequests and from invested proceeds pay scholarship allowances.

Miss Susan Chambliss, daughter of **John A. Chambliss,** counsel for the Provident Life & Accident and granddaughter of Chief Justice A. W. Chambliss, vice-president of Provident, became the bride of James B. Irvine, Jr., in Chattanooga. Mr. Irvine is associated with the Penn Mutual Life. His father, James B. Irvine, Sr., is a member of the Sloan, Irvine & Sloan agency.

DEATHS

H. C. Fluegel, 70, former home office inspector of the Metropolitan Life, died from influenza in St. Louis after a brief illness. He retired from active work about 13 years ago after more than 30 years of service.

H. B. Seay, 53, former treasurer and later vice-president of the Southland Life, died at his home in Mercedes, Tex. He was president of the American Rio Grande Land & Irrigation Company and of half a dozen banks and industries scattered over the Rio Grande valley. He practiced law in Dallas for a decade before he moved to Mercedes in 1922.

L. J. McConnell, 80, with the James H. Cowles agency of the Provident Mutual Life and an agent for the company for more than 25 years, died in Los Angeles. For the past year he has not been particularly active, but had the distinction of qualifying for the Leaders Club with $250,000 of new paid for business when he had passed age 70. He had been a member of the club a number of times.

James W. Wilson, 67, Cleveland, manager Franklin Life in Ohio, died following a protracted illness. He started with the Prudential at Kittanning, Pa., in 1900, where he worked with the late C. B. Knight, Union Central Life, New York. Mr. Wilson served at Youngstown, O., as manager of the Prudential and in 1905 went to Cleveland as ordinary manager for northeastern Ohio. He retired in 1917 to enter the real estate investment field.

He reentered insurance in 1933 as Ohio manager of the Franklin Life with his son, J. W. Wilson, Jr., who will continue the agency. Mr. Wilson was a past president of the Cleveland Life Underwriters Association and was active in civic affairs.

Mrs. Charles W. Gold, whose husband was killed in a hunting accident eight years ago, was killed when she was struck by an automobile in front of her home at Greensboro, N. C. Mr. Gold was president of Pilot Life.

B. S. Burgess, 47, Great American Life manager, Corpus Christi, died.

Funeral services were held at the family home in Jackson, Cal., Tuesday, for **Mrs. Ellington E. Caminetti,** 79, mother of Commissioner Caminetti of California. Mrs. Caminetti was the widow of the late A. Caminetti, Sr., former congressman and former United States commissioner of immigration.

C. L. Curtis, 79, Toledo, O., retired district manager of the Aetna Life, died after an illness of six months.

George A. Lock, one of the founders and an early president of the Kansas City Life Underwriters Association, died. He was formerly manager of the Fidelity Mutual Life.

Walter M. Crunden, 53, St. Louis, a director of the Central States Life, died of peritonitis. Mr. Crunden also served as president and chairman of the board of the Central States Life at various times. His late father was also chairman of the board.

Mrs. Anna Deerfield Morton, wife of Stratford Lee Morton, St. Louis general agent Connecticut Mutual Life died after an illness of two months.

C. B. Kinney, for 13 years with the Mossgrove agency of the Bankers Life of Nebraska, died at his home in Elgin, Neb.

The **International Claim Association** will hold its annual meeting at the Broadmoor Hotel, Colorado Springs, Sept. 9-11. D. J. Reidy of the Guardian Life, New York, is president and is appointing his committees.

AMONG COMPANY MEN

D. Bobb Slattery Joins National Life

D. Bobb Slattery has resigned as assistant to the vice-president of Penn Mutual Life, to join National Life of

D. BOBB SLATTERY

Vermont as assistant to Vice-president Edward D. Field, who is in charge of agency activities. Mr. Slattery's principal duties will be in the field of publicity with National Life.

Mr. Slattery is well known in the business. He has been connected with Penn Mutual since 1924, commencing as agency examiner. He has visited his company's agencies throughout the country. In recent years he has been in charge of sales promotion. He was closely associated with the late Frank H. Davis, who was vice-president of Penn Mutual and under Vice-president A. E. Patterson, he was for a time the contact man of agencies in the east.

Mr. Slattery in 1928 organized the distinctive direct mail advertising of Penn Mutual. He served as president of the Life Advertisers Association in 1936 and for a number of years has served on the publicity committee for the Annual Message of Life Insurance. He wrote a history of the Philadelphia Association of Life Underwriters on its 50th anniversary. He has made numerous speeches before various life insurance groups.

Manhattan Life Makes Some Personnel Changes

Manhattan Life announces several changes in home office personnel.

E. F. Gordon has been advanced from accountant to assistant secretary. He joined the Manhattan in 1929. He is a graduate accountant of LaSalle University. A. C. Bockman has been named assistant actuary. He began his life insurance career with M. M Dawson, consulting actuary, and joined the Manhattan Life in 1925.

H. W. Smith, manager of policyholders service department, has been made manager of the new business department. A. K. Long of the new business department has joined John A. Campbell, home office general agent, as assistant general agent. J. T. Schubert of the policy loan division becomes manager of the policyholders service department.

C. D. Duncan, assistant vice-president Chemical Bank & Trust Company, New York City, has been elected a director.

Mrs. T. W. Appleby is again sponsoring the Ohio National's annual Rookwood lamp prize awards in February, the lamps being given to the leading manager and agent who qualify.

Loyal Protective Advances Cornett

W. B. Cornett, who is president of the National Accident & Health Association, has been appointed superintendent of agencies for Loyal Protective Life with headquarters at Columbus, O. For the past 12 years Mr. Cornett has served as field director at Columbus with supervision over Michigan, Ohio, Indiana and West Virginia. He entered the insurance business in 1921 and went with Loyal Protective in 1924. He is having a distinctive administration as president of the National Accident & Health Association.

J. P. Gray Now Field Secretary

James P. Gray, who has been with Loyal Protective 31 years, most of the time as superintendent of agents, now assumes the new title of field secretary.

President J. M. Powell, who has also held the title of actuary, now gives up the latter title and Stuart F. Conrod becomes actuary.

Mr. Conrod is a fellow of the American Institute of Actuaries. He was formerly secretary and actuary of Western Empire Life of Winnipeg. He went

W. B. CORNETT

with Loyal Protective a year ago as associate actuary. Mr. Powell will now be able to devote his entire time to the executive work.

Gordon S. Heath, who has been with Loyal Protective 14 years and has been its treasurer 10 years, assumes the additional duties of office manager.

New England Mutual Life Promotes Home Office Men

BOSTON—The New England Mutual Life has advanced Morris P. Capen, secretary since 1936, to vice-president and secretary, and Dwight Foster, assistant treasurer since 1928, to treasurer. P. C. Raye was named an assistant secretary, J. P. Barnes, assistant treasurer, and S. S. Dean was given the title of assistant real estate officer.

Mr. Capen entered the service of the New England Mutual in 1898, and, after wide experience in various departments, was made assistant secretary in 1914. Mr. Foster, who succeeds the late W. D. Dexter as treasurer, joined the company shortly after his graduation from Harvard in 1916.

Mr. Raye, a graduate of Amherst in 1927, has been a member of the home office staff since that year, and for several years has served as assistant to the underwriting vice-president. Mr. Barnes went to the New England in 1932, following graduation from Harvard in 1930, and for some time has acted as bond buyer.

Equitable Society Names Public Relations Head

For the purpose of bringing the general public into closer and broader rela-

M. A. GULICK

tion, the Equitable Society has just appointed M. A. Gulick director of public relations with headquarters in New York City.

Mr. Gulick, who joined the Equitable organization in 1930, has made extended studies of industrial relations in various parts of the country. He was appointed associate manager of the group insurance department in 1937, and is also divisional manager for group insurance in Greater New York.

A graduate of Hobart College in 1930, Mr. Gulick was president of his class for four years, and was an outstanding athlete in several sports.

New Assistant Agency Director

The Old Line Life of America has appointed F. G. McNamara assistant agency director in charge of developing unassigned territory. R. C. Miller, who has been an assistant director since last September, will continue in the field, training newly appointed agents. Mr. McNamara was formerly field superintendent of Old Line.

Life & Casualty Promotions

C. H. Hutton, manager of the investment department of the Life & Casualty of Nashville since 1932, has been elected vice-president in charge of real estate. Holt Bean, assistant manager of the investment department, is chosen manager of the resident loan department. He became connected with the company in 1934. J. B. Ford has been made manager of the bond department. His connection dates to 1933, when he became a clerk in the investment department. He was made auditor of the department in 1937.

F. A. Heath Is Named Assistant to Tuchbreiter

Forrest A. Heath, formerly supervisor of the group insurance division of Metropolitan Life at Detroit, has been appointed assistant to Executive Vice-president Roy Tuchbreiter of Continental Casualty and Continental Assurance of Chicago. Mr. Health for the last several years has been associated with the group department of Metropolitan and prior to that was superintendent of agents of the Kenneth Watkins Corporation, former general agent for General Accident for Michigan. His title will be that of assistant to the vice-president. Mr. Tuchbreiter is the head of the agency operations of both the life and casualty companies.

COMPANIES

National L. & A. to Increase Capital

NASHVILLE.—The National Life & Accident has filed an amendment to its charter increasing capital stock from $4,000,000 to $5,000,000 and Chairman C. A. Craig announces plans for the construction of an addition to the company's home office building. The additional $1,000,000 capital is represented by 100,000 shares of stock at $10 per share, the entire issue to be taken by stockholders. National L. & A. stock is currently quoted at 42-44½.

The National Life & Accident's insurance in force increased $61,228,481 in 1939, bringing the total to $706,866,136. Lapse ratio on weekly premium business was 13 percent more favorable than for the previous year. Concerning this, the annual report said: "This improvement, considered along with the substantial volume of new business acquired, is regarded as indicative of better selling in the field and a more thorough service to policyholders in the conservation of their protection." Total assets increased to $72,607,838, a gain of $9,533,317 for the year.

E. L. Stritch, assistant vice-president, was elected vice-president; W. S. Bearden, Jr., was named assistant secretary; Rufus E. Fort, Jr., assistant manager of the ordinary department, and C. R. Clement, Jr., agency secretary. W. H. Julian, western territory manager with a record of 30 years of service, was elected a director.

Lien Reduction Made on National Life, U. S. A. Fund

Announcement has been made by the Washington National of Chicago of a 15 percent reduction in the lien outstanding against policies in the National Life, U. S. A. fund, effective as Jan. 1. In a communication addressed to former National Life policyholders President G. R. Kendall said:

"This lien reduction is, we believe, an additional important forward step toward the rehabilitation of the National Life fund. It is our sincere hope and belief that future economies of operation and sound conservative investment procedure will result in further lien reductions."

This is the third lien reduction in effect since a reinsurance management contract for the business of National Life, U. S. A., was entered into. The other two reductions were made while the National Life fund was being administered by Hercules Life. The first reduction was 10 percent and the second was 20 percent. The initial lien was 50 percent, so that the end result would be, for a policyholder who had paid all interest on the lien out of his own pocket, that the net lien would now be 30.6 percent of the original reserve. Most of the policyholders, however, let all or part of the interest charges accumulate, so that the result in varying degrees, depending on the situation with each policyholder's account, is to remove or reduce the accumulated interest charges.

The National Life Fund at the end of 1939 had assets of about $32,000,000 and surplus of about $1,800,000. The cost of the 15 percent lien reduction is about $1,500,000, so that there remains a surplus of about $300,000 or $400,000. Insurance in force in the National Life Fund exceeds $100,000,000.

Would Dissolve Northland Life

ST. PAUL—In petitioning the district court here for dissolution of the Northland Life, the petitioners say its capital is impaired and blame its difficulties in part on an error in calculating the reserve in its early years.

Although the Northland has only about $48,000 in force and has solicited

no new business since 1933, it has been involved in a stockholders' quarrel. Attempt was made to reinsure the business in the Modern Life, but this was blocked by stockholders opposed. The company was organized in 1916 as the Duluth Liability Association. Gross assets are listed as only $17,175. A hearing on the petition to dissolve has been set for April 13.

Northwestern Mutual Correction

Due to a mistake on the part of a correspondent in Canada THE NATIONAL UNDERWRITER was led into printing the erroneous statement that Northwestern Mutual Life had withdrawn from Canada. As a matter of fact, Northwestern Mutual entered Canada in 1871 but withdrew in 1878 because the law was changed so as to require a deposit of securities with the proper officers of the dominion for the exclusive benefit and security of policyholders of the dominion. The history of Northwestern Mutual states that the directors decided that a mutual company could not properly comply with a law which provided for a special security for the benefit of a particular class or body of policyholders.

Millener and Fondiller Directors

The Columbian Protective of Rochester, N. Y., has elected John A. Millener of that city and Richard Fondiller of New York City as directors. Mr. Millener is an attorney who specializes on insurance law and has been its general counsel since 1928. He will continue in that office. He is secretary of the Federation of Insurance Counsel. Mr. Fondiller is a well known insurance actuary and a member of the actuarial firm of Woodward & Fondiller. The company writes life, health and accident in New York, Pennsylvania, New Jersey and Connecticut.

Oil Strike May Aid Liquidation

LINCOLN, NEB.—The recent oil strike in Richardson county may bring rich dividends to policyholders of the Cosmopolitan Old Line Life, now being liquidated by the Lincoln Liberty Life. The Cosmopolitan was forced to take over 200 acres of farm land in that area within a few miles of the first well recently brought in, in settlement of a mortgage, and the liquidator has been authorized to make a lease with the development company.

Receiver Asked for Funeral Outfit

CHATTANOOGA, TENN. — Commissioner McCormack, through the state's attorney general, has filed a bill in chancery court demanding receiver for the Smith Funeral Corporation and seeking an injunction to prevent the transfer of assets to the newly formed Southern Life & Accident. The bill charges that the oufit has been doing business as an insurance company without proper licensing and qualification. M. L. C. Smith is president.

Central States New Director

Robert E. Lee Hill has been elected a director of the Central States Life of St. Louis. He is director of alumni activities of the University of Missouri and editor of the publication, "Missouri Alumnus." He is a past president of Rotary International.

Dr. Daley Is 40-Year Man

Dr. Robert M. Daley has completed 40 years in the service of Equitable Society. On the anniversary day, he received congratulatory messages in person, by telephone and telegraph, cards and letters. He was guest of honor at a luncheon tendered by the senior officers. He went with Equitable in 1900, was appointed assistant medical director in 1908, associate medical director in 1916 and medical director in 1936.

LIFE AGENCY CHANGES

John Hancock Opens Milwaukee Office

John Hancock Mutual Life has appointed Abner A. Heald as general agent for Wisconsin, with offices at 110 East Wisconsin building, Milwaukee, to be opened on or about March 1.

He has been in the life insurance business ever since his graduation from the University of Wisconsin in 1923. He was a leading producer for the Bankers Life of Iowa at Madison, Wis., and went

ABNER A. HEALD

to Milwaukee in 1929 as general agent of the Provident Mutual. For the past three years he has been manager of the Bankers Life in Detroit, resigning that post some weeks ago.

He was one of the founders of the Madison Life Underwriters Association, of which he has served as secretary and vice-president. He was also instrumental in organizing the Milwaukee General Agents & Managers Association and the Milwaukee Life Underwriters Association, as well as the Wisconsin State Life Underwriters Association.

He was first president of the Milwaukee General Agents & Managers Association, a director of the Milwaukee association and in 1935 was trustee of the National association.

The John Hancock has industrial offices in Milwaukee and now opens an ordinary office.

C. A. Macauley, Michigan state agent of the John Hancock ordinary department, gave a farewell party in Detroit honoring Mr. Heald. Fifty general agents, managers and inspection company executives attended, chiefly members of the Associated Life General Agents & Managers, in which both Mr. Macauley and Mr. Heald have been especially active.

U. S. Life Entering Cuba

The United States Life has entered Cuba. W. F. Savale has been appointed general agent with offices at 604 Edificio Bacardi, Havana. Mr. Savale has been connected with the United States Life in its foreign department. He made a survey tour throughout Panama, Cuba and Colombia. Prior to that he served for nine years as manager of the Philippine branch of the Asia Life in Manila. He introduced salary savings and accident insurance in the Philippines. In 1929 he spent a year with the Travelers in New York City, becoming a star producer, writing $250,000 his first month. At one time he was assistant to the general sales manager of the Amalgamated Silk Corporation. He is a Harvard graduate and on leaving college he entered the United States air service. He was an instructor at Mineola in the first ground school established in this country.

Jackson District Supervisor

Maj. John A. Jackson, 12 years a supervisor in the Los Angeles district for the Sun Life of Canada, has been appointed district supervisor for San Diego, Orange, Riverside and Imperial counties with headquarters in San Diego. He served with the Canadian forces in the first world war and was awarded the Military Cross. He holds the southern California badminton doubles championship.

Reliance Life Promotes Simmons

D. L. Simmons, for the past three years assistant manager of the Reliance Life at Jackson, Miss., has been appointed manager and the name has been changed to the Mississippi department. Mr. Simmons succeeds C. H. Thompson, who recently died. Mr. Simmons went with the Reliance Life Oct. 26, 1936. While attending Mississippi College he was a member of the football team. He then entered the University of Mississippi and played football there. He later became athletic coach at Pearl River Junior College. He entered life insurance at Greenville, Miss., in 1932.

Weber with the Franklin

John H. Weber has been appointed general agent at Greeley, Colo., by the Franklin Life of Springfield, Ill. He began his career in the life insurance field as an agent in 1932, and resigned recently as an agent of the Sun Life of Canada in Denver to accept his new post. He will move soon to Greeley and actively develop the territory.

Reginald Snyder Is Sales Manager

The American Hospital & Life of San Antonio, Tex., has promoted Reginald Snyder from agency manager at Fort Worth to the home office as sales manager. He has been succeeded at Fort Worth by R. H. McCreless, who has been connected with the San Antonio agency.

J. Schwartz New Jersey Manager

Joseph Schwartz has been appointed New Jersey manager of the Union Mutual Life of Maine, with headquarters in Newark. He has been in life insurance eight years, starting as an agent of the John Hancock in Portsmouth, N. H. Later he joined the Union Cen-

tral and the past three years has been manager of the Union Mutual for southeastern New Hampshire, with headquarters in Portsmouth. Roy E. Lounsbury, supervisor from the home office, will have his office with Mr. Schwartz. He will supervise New Jersey, New Yo[r]k, Pennsylvania, Virginia and Connecticut.

Western Life Appointments

W. N. Allred becomes general agent for the Western Life of Helena, Mont., at San Francisco. He started in 1934 as an insurance broker and later gave his full time to life insurance. W. B. Thamm is made general agent at Colfax, Wash. He went west 10 years ago and has been engaged in life insurance sales supervisory work in Washington and California. R. W. Fisher is appointed general agent at Albany, Ore. He has been in the business since 1929.

Medlin Assistant Manager

T. C. Medlin, field assistant in the Little Rock, Ark., Travelers office, has been appointed assistant manager. He resided at Fort Smith, Ark., representing the Penn Mutual. He joined the Travelers and went to Little Rock in 1937. He served as president of the Little Rock Exchange Club. He is a graduate of William Jewell College in Missouri, his home state.

L. A. Davis Is Promoted

L. A. Davis has been made director of agents of the Security Mutual Life of Lincoln, Neb., in Nebraska. He has been with the company 12 years. He has been operating in the Hastings, Neb., district. He has had charge of the central Nebraska agency. He is now president of the Nebraska Life Underwriters Association.

Mr. Davis is succeeded as district agent at Hastings by L. P. Kissinger, who has been office manager there for the Standard Oil.

Gentry Is Brokerage Manager

W. C. Gentry has been appointed manager of the brokerage department of the Albert H. Curtis & Co., Boston agency of the New England Mutual Life, to succeed Chester Perrine, brokerage department manager, who will assume new duties of educating and training new agents. Mr. Gentry has been with the agency eight years. He is a graduate of the University of Michigan and was trained at the home office.

York Goes to Toledo

C. L. York, former agency supervisor in Indiana for the Equitable Society, has been named to a similar post in the Toledo area, succeeding O. B. Haller, who retired.

LeLaurin Named at Kansas City

J. V. LeLaurin, formerly manager for the Sun Life at San Diego, Cal., has been transferred to Kansas City to succeed V. Webner Wiedemann as manager. In the insurance business 12 years, Mr. LeLaurin has represented the Sun at Little Rock, Ark., later as assistant agency manager in Los Angeles. He was welcomed at a luncheon.

Wiedemann to Equitable, Ia.

V. Webner Wiedemann, for 10 years Kansas City manager for the Sun Life of Canada, has been named general agent for the Equitable Life of Iowa in San Francisco. Mr. Wiedemann was recently transferred to Omaha as manager but before taking up his duties there, he made the Equitable connection.

Minnesota Mutual Appointments

The Minnesota Mutual Life has appointed the Builders Underwriting Agency as a general agency in Chicago and C. B. Wallace at Nashville, Tenn.

Walter Rhodes to Chicago

Walter Rhodes of Madison, Wis., state manager for the Business Men's Assurance, has resigned to go to the head office of the Continental Assurance of Chicago as agency supervisor traveling in three or four states.

Connecticut Mutual Has New Cincinnati Manager

William T. Earls

The Connecticut Mutual Life has appointed William T. Earls general agent in Cincinnati succeeding L. D. Fowler, who resigned to become executive vice-president of the Hospital Care Corporation of Cincinnati.

Mr. Earls entered the life insurance business with the New England Mutual in 1931 after graduating from Holy Cross. He led the Guy D. Randolph agency of the New England Mutual for five years and was among the first five in his company for the past three years. He led the company in 1939, being the youngest man ever to lead the New England Mutual. Mr. Earls qualified for the Million Dollar Round Table in 1939, was president of the Cincinnati C.L.U. chapter in 1938 and is a director of the Cincinnati Association of Life Underwriters.

Mr. Earls comes from an insurance family. His grandfather, Thomas E. Gallagher, was western manager of the Aetna Fire. His uncle, V. L. Gallagher, is assistant United States manager of the Pearl Assurance. His father owns two large general insurance agencies in Cincinnati, the Earls-Blaine Company and the Laws Insurance Agency. William Earls' twin brother, Thomas W., is vice-president of both agencies and specializes in marine insurance. His brother John is vice-president in charge of bonding.

Mr. Earls is well known among life underwriters in the middle west, having addressed groups in St. Louis, Nashville, Louisville, Indianapolis and Columbus. Offices of the agency are at 1812 Carew Tower, Cincinnati.

Starting in the business nine years ago at the home office of the New England Mutual in Boston after his graduation from Holy Cross College, Mr. Earls spent his first year there and the past seven years in the Cincinnati agency. In 1932 he wrote $120,000; 1933, $150,000; 1934, $360,000; 1935, $450,000; 1936, $550,000; 1937, $850,000; 1938, $750,000, and 1939, over $1,000,000. He is the youngest man in the history of the New England Mutual to lead the company. Mr. Earls is a thorough believer in keeping records of his work, planning his time, keeping up to date on current developments affecting the business, and in persistency. He secured his C. L. U. designation in 1933 and has served as president of the Cincinnati chapter. He has spoken before a number of life underwriters' associations.

Mr. Earls is the youngest general agent in Cincinnati and one of the youngest ever appointed by Connecticut Mutual, which was the first life company to open an office in Cincinnati 92 years ago.

AGENCY NOTES

American Reserve Life has appointed E. A. Shipp general agent at Rockwell City, Ia. Lee W. Holt has been named special agent at Spencer, Ia. He becomes a member of the Sioux City agency, under General Agent Glenn Masters. American Reserve Life has appointed E. H. Kettler, special agent at Irwin, Ia., and J. J. Jaeger at West Bend, Ia. They will be members of the Rockwell City agency under E. A. Shipp, who became general agent there Feb. 1.

The Central States Life has established an agency in Columbia, Mo., with **S. B. Dysart** as general agent.

R. M. Truesdell has resigned as field assistant of the Equitable Society at Glendale, Cal., and has been appointed supervisor of the Van Winkle agency of that company in Los Angeles.

LIFE SALES MEETINGS

Union Central Managers Confer

CINCINNATI.—Union Central Life is holding a managerial conference at Palm Beach, Fla., Feb. 26-28. The meetings will be in the form of round table discussions devoted exclusively to agency problems of management, conservation, and production. A small home office delegation will be on hand. Jerome Clark, vice-president, will be chairman the first and third days and W. F. Hanselman, superintendent of agencies, will preside the second day. For the past several years the company has held regional managerial conferences, and has not had all of its managers present at a single meeting.

JEROME CLARK

Plan Northwestern Meet July 22-24

MILWAUKEE—Plans for the annual convention of the Northwestern Mutual Association of Agents here July 22-24 were discussed at a two-day conference of officers and members of the standing committee. More than 1,000 member-agents will attend at their own expense. Among those at the parley were Clarence Smith, Chicago, president; B. J. Stumm, Aurora, Ill., vice-president; Stephen Klarer, Milwaukee, secretary-treasurer, and A. C. F. Finkbiner, Philadelphia, chairman. W. R. Chapman, assistant director of agencies, is again representing the company.

Cox Visits Texas Agencies

A series of one day sales meetings for California-Western States Life agents in Texas is being held by Ray P. Cox, vice-president and manager of agencies, assisted by Balie T. Cantrell, supervisor for Texas.

At San Antonio, Mr. Cox told agents that the secret of success lies in "doing little things uncommonly well. When you get an idea get into action."

Coolidge in Salt Lake City

R. B. Coolidge, superintendent of agents Aetna Life, spoke on "Prospecting" and "The Professional Aspect of the Life Insurance Business," at a meeting of Utah and Idaho agents in Salt Lake City. J. T. Butler, general agent for the two states, was in charge and was toastmaster at the banquet.

Security Mutual Training School

The annual training school for new agents of the Security Mutual Life of Nebraska will be held for two days beginning Feb. 29. The Nebraska Agents Association will meet March 2.

Banker Dedication April 11-12

DES MOINES—Dates for the Bankers Life of Iowa dedication and housewarming for its new home office building and its "regionnace" school of instruction has been set for April 11-12.

COAST

Bragg Speaks to College Class

SAN FRANCISCO — James E. Bragg, New York manager Guardian Life of New York, spoke to the insurance class at the San Francisco Junior College on the application of insurance to human needs.

The insurance class now has more than 200 students enrolled. Students are given the opportunity to obtain actual field training over a period of weeks each semester.

Ward to Aetna Life

W. E. Ward, formerly manager of the brokerage department of the Pacific Mutual Life in San Francisco, has gone with the F. C. Whatley agency in the same capacity. Before joining the Pacific Mutual he was with the Occidental Life and prior to that was agency secretary of the Sun Life in San Franucisco.

President Cavanaugh on the Coast

President L. D. Cavanaugh of the Federal Life has gone on a western trip to the Pacific Coast visiting agencies in Denver, Portland, Ore., San Francisco, Los Angeles and Dallas. He is accompanied by Mrs. Cavanaugh. When he is through with his business visits he and Mrs. Cavanaugh will stay in Los Angeles for a week or so.

Reece Los Angeles Manager

C. E. Reece has been appointed manager of the Federal Life of Chicago in Los Angeles. He joined the agency last year and has been very successful in his work.

Editor Crawford Changes Base

A. R. Crawford has resigned as associate editor of the "Underwriters Report" of San Francisco to become editor of "Pacific Insurance." He has been with the "Underwriters Report" since 1921.

W. E. White, vice-president Continental Assurance, was in Los Angeles last week.

The northern California general agency of the John Hancock Mutual Life, under **Lloyd J. Lynch,** is being incorporated by Mr. Lynch, R. R. Callaghan, assistant general agent, and Mrs. Lynch. Mr. Lynch became general agent several months ago.

Moody Outstanding Agent

H. C. Moody of Muskogee, Okla., has been honored as the outstanding Mid-Continent Life agent for last year. His volume was about $300,000, insuring 189 lives in eastern Oklahoma. Thus he becomes president of the Mid-Continent Life's $100,000 Club. Clyde Faught of Altus, Okla., had second place in production.

NEWS OF LIFE ASSOCIATIONS

Five Headliners for Indiana Congress Feb. 24

C. J. Zimmerman of Chicago, president of the National Association of Life Underwriters, heads a program of five nationally known speakers at the annual sales congress sponsored by the Indianapolis association and Indiana State Association of Life Underwriters, Feb. 24. Mr. Zimmerman's subject is "Up-to-the-Minute Life Insurance Service—Today and Tomorrow."

Cooperating in the sales congress are the following associations: Bloomington, Calumet, Elkhart, Evansville, Fort Wayne, Indianapolis, Kokomo, Lafayette, Laporte County, Logansport, Muncie, Richmond, South Bend, Terre Haute, and Vincennes.

Homer L. Rogers is president of the state association, and Eber M. Spence is president of the Indianapolis association.

Vincent B. Coffin, second vice-president of Connecticut Mutual Life, and Ralph G. Engelsman, New York general agent of Penn Mutual, open the morning session. They will conduct a dialogue on "In Tune With the Times."

Dr. Irvin Bendiner, New York Life, Philadelphia, will close the morning session. His subject is, "Business Life Insurance for the Small as Well as the Large Business."

Carroll C. Day, Oklahoma City, general agent of Pacific Mutual Life, closes the afternoon session with an address "Philosophy of Living."

Cooperating in the congress are the Indianapolis General Agents & Managers Association and the statewide membership of the Indianapolis C.L.U.

The managers association will honor the guest speakers with a breakfast.

Life Insurance Built on Foundation of Self-Reliance

DETROIT—The marked growth of life insurance is due to the American ideal "that we must get ahead through our own efforts," W. B. Bailey, Travelers economist, told the Qualified Life Underwriters of Detroit. R. T. Smith, Travelers manager, presided and introduced the speaker.

"Everything we have today is here because someone sometime spent less than he earned," Dr. Bailey declared. "This American idea of independence individually as well as nationally, has produced the most fruitful soil for the growth of life insurance that is to be found in the world today.

"In recent years, with the government paternalistic views, many of us are losing this idea of self-reliance and have come to believe that if we do not choose to look out for ourselves the government will look out for us. When people begin to question the idea of saving against a rainy day, they are undermining the very cornerstone of life insurance.

"In the insurance field, the drop in interest rates has far more than offset the gains made in mortality and reduced acquisition cost and other favorable factors, yet the cost of insurance today has increased but slightly while the cost of accumulating a fund for use in old age through every other source has increased tremendously. With the low interest rates, accumulating a fund whereby one may live in his old age on the interest from it is virtually impossible for the average man. All of the factors are strongly in favor of insurance.

"Men get a much greater kick out of giving their money to the stock broker than to the insurance agent; the only question as to result is where they get the kick!

"The insurance agent takes the small dollars of today, when a man can afford to part with them, and returns very large dollars at a time when he needs them very badly—or his family needs them very badly."

Program Completed for Cincinnati Rally March 21

CINCINNATI — Program arrangements have been completed for the annual tri-state sales congress, sponsored by the Cincinnati Life Underwriters Association, March 21. Special attention has been given to making the features of greatest practical value for all agents, according to L. B. Scheuer, State Mutual, chairman program committee.

Mayor Stewart of Cincinnati will make a welcoming address. Following this is a talk on "The Super Salesman" by C. O. Fischer, vice-president Massachusetts Mutual. J. C. Benson, Union Central, is in charge of a sales symposium in which four leading local agents will give their sales ideas: Clara L. McBreen, Equitable Society; E. F. Pierle, Provident Mutual; Louis Gutmann, Penn Mutual, and H. S. Chase, Mutual Benefit. The last morning speaker is J. A. Witherspoon, John Hancock general agent, Nashville, trustee of the National Association, who speaks on "Motivation."

A. H. Morrill, president Kroger Grocery & Baking Co., is the luncheon speaker, his subject being "We Call It Merchandising." His talk will be summarized by G. J. Woodward, agency manager Equitable Society, Cincinnati. Following this, a skit directed by J. T. Maxwell, editor Union Central "Agency Bulletin," will be presented, which has been given the title "Okeh, with Corrections."

Opening the afternoon session is J. O. Todd, H. S. Vail & Son, Chicago, who speaks on "Simple Programming for the Average Underwriter." The closing talk is by C. J. Zimmerman, Connecticut Mutual general agent, Chicago, president of the National association.

Zimmerman Addresses Two Jersey Organizations

NEWARK—C. J. Zimmerman, president National association, addressed the monthly luncheon meeting of the Life Underwriters Association of Northern New Jersey and also a gathering of the General Agency & Managers Association of Northern New Jersey. He discussed the TNEC probe of life insurance.

At the luncheon meeting prizes were awarded to winners in the "Life Insurance in Action" contest. First prize was won by Mrs. J. D. Chase, East Orange, who was a guest and received her certificate and a gift.

R. B. Hull, general manager National association, introduced Mr. Zimmerman. A number of past presidents were present, including S. B. Rote, C. E. Hooper, H. C. Lawrence, Lloyd Harrison, J. B. MacWhinney, and Fred Lieberich, Jr.

The next meeting of the underwriters will be held here March 8, with Mr. Hull as the speaker. E. C. Hoy, president, presided at the meeting.

Joint Meeting in Wichita

WICHITA, KAN.—More than 100 turned out for the joint meeting of the Wichita Insurors, Wichita Life Managers & General Agents Association and Wichita Life Underwriters Association, with the Wichita Insurors as hosts. Victor G. Henry of the Wichita Insurors presided and introduced Elmer C. Moore, New York Life, president of the Life Underwriters Association, and Lee Wandling, Equitable Society, president Managers & General Agents Association. Further joint meetings are proposed. The speaker was Dale Critzer, assistant cashier of the Fourth National Bank of Wichita.

Schedule Joint Congress for May 17

The annual joint congress of the Baltimore Life Underwriters Association and the District of Columbia association will be held May 17 in Baltimore. Isaac S. George, National Life of Vermont, Baltimore, is general chairman.

Karl Madden on Hand

Karl E. Madden, who has been impresario of the highly successful sales congresses at Davenport, Ia., for the past two or three years, is taking a prominent part in the event this year, March 30, despite the fact that he has officially left the life insurance business to go into a manufacturing enterprise. Charles Sessions, one of the leaders of New York Life, will serve as general chairman but Mr. Madden will support him to the utmost. Mr. Madden is maintaining his office for 60 days with Penn Mutual in Davenport and he will be in that city every week end until the congress is over.

C. J. Zimmerman of Chicago, president National Association of Life Underwriters, will be the headliner at the Davenport congress. Another headliner will be Charles T. Davies, the million dollar policyholder of Wyomissing, Pa., who always makes a great hit.

Oscar Gustafson, the song and music director, will again be in charge of arrangements in his department.

Additional speakers will be announced shortly.

The meeting will be held in the Masonic Temple Gothic room commencing at 9:30 and closing at 4:30 p. m. Single admission is $1.50 with a package sale of six for the price of five and 12 for the price of $14 for any one person, general agent, group or association.

Ottumwa, Ia.—Paul C. Otto, Connecticut Mutual, Davenport, president of the Iowa association, addressed a luncheon meeting. His appearance climaxed a membership drive. The enrollment is now about 30 members. Jesse M. Miller is chairman of the membership committee.

Austin, Tex.—G. A. Helland, San Antonio, Tex., Connecticut Mutual Life general agent, spoke on "The Fundamentals of the Selling Job." He stressed the financial advantages to the agent of rendering intelligent and conscientious service, the need for a professional training and attitude and the importance of self discipline.

Salina, Kan.—A membership campaign was discussed, a goal of 30 members being set. Plans are under way for a record meeting March 28 with R. B. Hull as speaker.

Pittsburg, Kan.—Dr. J. H. Bena of the Smith Clinic spoke on "Children's Diseases." A membership drive is under way. Roger B. Hull will speak March 30.

Emporia, Kan. — An active "speakers bureau" has been formed, which has contacted every organization in the city, urging a life insurance speaker for one of their programs. Letterheads used in addressing the clubs include the names

of the association officers and list the names of the 18 members.

Salt Lake City—S. J. Stephenson, executive secretary of Utah Manufacturers Association, spoke on "Shall we be able to combat the present trend of interfering with free enterprise?"

Rochester, Minn.—T. K. Norrie, Metropolitan Life, discussed the TNEC investigation and said it is necessary to impress upon policyholders the threats to their security that are being made. Otis Wicklund, Prudential, suggested how the agent might use the social security benefits to his advantage.

Jonesboro, Ark.—C. W. Kinman, manager Metropolitan, and Fred Penix, manager National Life & Accident, spoke, attacking the federal inquiry in life insurance by the TNEC as "unjust and unfair." A resolution was passed endorsing state supervision.

Columbus, O.—M. J. Ream, Pittsburgh general agent Mutual Benefit, spoke Thursday on "Dr. Jekyl and Mr. Hyde."

Baltimore—C. J. Zimmerman, president National association, spoke at a luncheon on "Today and Tomorrow." He also held a special conference with directors and committeemen. Mr. Zimmerman visited a number of the local home offices and was tendered a testimonial dinner by general agents and managers.

Boston—The blizzard caused a postponement of the February luncheon to the next day. Charles T. Davies, Wyomissing, Pa., million dollar policyholder, spoke on "Life Insurance in Action."

Prize essay contest winners were announced. First prize went to Mrs. Mary A. Lacey of Medford, Mass.

Memphis, Tenn.—Commissioner McCormack and Gale F. Johnston, St. Louis, divisional sales manager Metropolitan Life, spoke.

Kalamazoo, Mich.—Charles Brown, Mutual Life of New York manager at Grand Rapids, spoke on successful selling.

Portland, Ore.—Leading life men from Oregon and southwestern Washington attended the annual sales congress. Featured out-of-state speakers were Charles W. Peterson, manager Phoenix Mutual, San Francisco; Hugh S. Bell, general agent Equitable of Iowa, Seattle.

North Dakota.—At a meeting in Fargo, Dr. F. L. Eversull, president North Dakota State College, spoke on "Life Insurance is Money for Future Delivery." Essay contest winners were announced, first prize going to Mrs. Steven Blazek, Lidgerwood, N. D.

Toledo, O.—W. P. Worthington, superintendent of agencies Home Life of New York, discussed "Planned Estates."

Ohio.—Isaac Kibrick, New York Life, Boston, and Governor Bricker of Ohio, are among the speakers on the tentative program for the state convention to be held in Toledo May 2-4.

New York—C. N. Stabler, financial editor of the New York "Herald-Tribune," spoke on "New York and its Economic Problem" at the luncheon meeting. He suggested that the recently issued TNEC report on the investment record of life insurance may be only the beginning, as was the Pecora investigation in the case of Wall street, and also that within the reasonably near future there might be federal supervision of life insurance. Most of his talk was devoted to Wall street and the difficulties it has encountered in recent years.

Dallas—H. T. Wright, Equitable Society, Chicago, vice-president National association, and E. L. Carson, Wisconsin manager Equitable Society, will speak at the luncheon March 6. Mr. Carson will talk on "The Right Business."

Hartford—H. C. Lawrence, general agent Lincoln National Life and president of the New Jersey association, will speak March 4 on "What the Public Expects the Life Underwriters to Know."

George E. Griscom, 2nd, of the Gillis agency of Provident Mutual Life in Newark addressed the Young Men's Business & Professional Club of the Oranges on "How Much Life Insurance Should I Own."

Edward E. Rhodes, vice-president Mutual Benefit Life, is 72 years old this week and **H. G. Hornfeck,** vice-president and director, celebrates his 70th birthday. Both joined the company in 1886 in minor positions at the home office.

NEWS ABOUT LIFE POLICIES

By JOHN H. RADER

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem." Published Annually in May and March respectively. PRICE, $5.00 and $2.50 respectively.

Canada Life Revises Income Contracts

The accompanying table shows new monthly incomes per $100 annual premium on the Canada Life retirement income bond which provides a death benefit prior to maturity of the return of premiums or the cash value if greater. The contract with insurance is called pension and the premiums shown provide a $10 monthly life income, 100 months certain, for each unit of $1,000 of insurance.

	‡Monthly Life Inc. Per $100 Ann. Pre. Retire. Inc. Bond			†Annual Prem. Rates per $1,000 Pension Policies		
	Male		Female	Male		Female
Age	Age 60	Age 65	Age 60	Age 60	Age 65	Age 60
15	$51.42	$72.84	$45.12	$26.61	$21.96	$28.74
16	49.36	70.06	43.31	27.42	22.54	29.64
17	47.36	67.36	41.55	28.28	23.15	30.59
18	45.41	64.74	39.85	29.17	23.78	31.60
19	43.52	62.20	38.19	30.12	24.45	32.64
20	41.68	59.72	36.58	31.12	25.15	33.76
21	39.91	57.33	35.02	32.16	25.87	34.92
22	38.18	55.00	33.50	33.28	26.64	36.16
23	36.50	52.74	32.03	34.44	27.45	37.47
24	34.87	50.55	30.60	35.69	28.31	38.87
25	33.29	48.41	29.21	37.01	29.20	40.33
26	31.75	46.35	27.86	38.45	30.16	41.93
27	30.26	44.34	26.55	39.97	31.17	43.65
28	28.81	42.39	25.28	41.61	32.24	45.48
29	27.41	40.50	24.05	43.37	33.38	47.43
30	26.04	38.66	22.85	45.25	34.60	49.53
31	24.89	37.13	21.84	47.31	35.92	51.83
32	23.74	35.59	20.83	49.54	37.34	54.32
33	22.59	34.07	19.82	51.95	38.88	57.02
34	21.46	32.55	18.83	54.56	40.51	59.92
35	20.33	31.05	17.84	57.41	42.26	63.08
36	19.23	29.58	16.87	60.45	44.18	66.47
37	18.16	28.14	15.93	63.77	46.26	70.18
38	17.11	26.72	15.01	67.40	48.48	74.22
39	16.07	25.34	14.10	71.40	50.90	78.68
40	15.05	23.97	13.20	75.81	53.54	83.60
41	14.06	22.65	12.34	80.62	56.34	88.97
42	13.10	21.36	11.49	85.99	59.40	94.95
43	12.16	20.09	10.67	91.99	62.74	101.64
44	11.24	18.87	9.86	98.73	66.39	109.17
45	10.34	17.67	9.07	106.38	70.43	117.70
46	9.47	16.50	8.31	115.52	74.83	127.92
47	8.62	15.36	7.57	126.07	79.71	139.68
48	7.79	14.25	6.84	138.36	85.15	153.42
49	6.98	13.16	6.13	152.92	91.26	169.71
50	6.20	12.11	5.44	170.40	98.19	189.23
51	5.46	11.08	4.79	....	106.44	....
52	4.74	10.09	4.16	....	115.93	....
53	4.05	9.12	3.55	....	126.98	....
54	3.37	8.18	2.96	....	139.98	....
55	2.71	7.27	2.38	....	155.63	....
56	....	6.39	....	....	....	....
57	....	5.53	....	....	....	....
58	....	4.71	....	....	....	....
59	....	3.92	....	....	....	....
60	....	3.15	....	....	....	....

‡Death benefit prior to maturity is premiums paid or cash value if greater. Option of refund annually with smaller payments.

†$10 monthly life income 100 months certain. Death benefit prior to maturity is $1,000 or cash value if greater. Maturity cash value, male age 60, $1,670; age 65, $1,479; female age 60, $1,871.

Offers Combination Coverage

The Ohio State Life's "comprehensive all-in-one" plan provides life, accident, sickness and hospitalization coverage in one package. It pays $50 per month for sickness indemnity for one year from fifth day of disability; $100 per month for hospital confinement, payable for three months from first day of confinement, plus extra allowance for operating room anaesthetic, x-ray and laboratory; $1,000 immediate cash payment in event of accidental death, plus $100 per month for one year and $50 per month for next 15 months, and $50 per month for two years in event of natural death. Life insurance premiums are waived for total and permanent disability. Loan privileges, extended insurance and cash values are provided. It is issued only to men, ages 18-49, gainfully employed.

For classes AA and A, Health & Accident Underwriters Conference manual classifications, the quarterly premium for age 35 is $15.46, based on participating endowment at age 85 plan, with premium waiver and accidental death benefits for standard life insurance risks.

U. S. Government Dividend Record

Due to current wars and rumors of wars there has been a revival of interest in United States Government insurance. The new dividend schedule for converted policies has been declared and it shows a decrease from the schedule used during 1939. The U. S. Government schedule provides no dividends during the early policy years for many ages at issue on lower premium forms. In some cases this results in no dividends being paid during the past few years on policies that have been in force even as long as twenty years. This indicates that mortality experience on those lives that have been exposed to military service does not follow the trend of normal mortality. It is evident that mortality increases more rapidly with advancing age among this group than would be expected from a group of average citizens. The table below shows a sample of the new dividend schedule.

	Ordinary Life			20 Payment Life		
Year	25	35	45	25	35	45
3	$1.00	...	...	$1.23	...	...
4	1.00	...	...	2.91	$1.00	...
5	1.00	...	...	3.10	1.00	...
6	2.00	...	...	3.29	1.00	...
7	3.22	...	...	3.48	1.75	...
8	3.37	...	...	3.66	2.75	...
9	3.52	...	...	3.85	4.86	...
10	3.67	...	...	4.04	5.00	...
11	3.81	...	...	4.22	5.10	...
12	3.96	...	...	4.40	5.17	...
13	4.10	...	...	4.59	5.26	...
14	4.25	...	...	4.77	5.34	...
15	4.39	$1.00	...	4.95	5.43	...
16	4.53	2.50	...	5.12	5.53	...
17	4.67	4.99	...	5.30	5.64	...
18	4.81	5.03	...	5.47	5.75	$1.00
19	4.94	5.08	...	5.64	5.88	2.50
20	5.04	5.11	...	5.78	6.02	3.75

	30 Payment Life			20 Year Endow.		
Year	25	35	45	25	35	45
1	...	...	...	$3.14	$3.66	...
2	...	...	...	3.41	3.86	...
3	$1.00	...	...	3.68	4.13	...
4	2.82	...	...	3.95	4.38	...
5	2.99	...	...	4.22	4.60	$1.00
6	3.15	$1.00	...	4.49	4.84	1.00
7	3.31	1.00	...	4.76	5.07	1.00
8	3.48	1.00	...	5.03	5.29	2.00
9	3.64	1.75	...	5.30	5.51	3.25
10	3.80	2.75	...	5.57	5.70	5.15
11	3.96	4.86	...	5.84	5.86	5.27
12	4.12	4.90	...	6.10	6.00	5.40
13	4.28	4.95	...	6.37	6.16	5.56
14	4.43	4.99	...	6.63	6.32	5.73
15	4.59	5.04	...	6.88	6.50	5.92
16	4.74	5.09	...	7.14	6.69	6.13
17	4.89	5.15	...	7.39	6.90	6.37
18	5.04	5.22	...	7.64	7.13	6.65
19	5.19	5.29	...	7.89	7.37	6.96
20	5.30	5.35	...	8.13	7.64	7.31

	30 Year Endow.			Endow. Age 62		
Year	25	35	45	25	35	45
1	$3.05	...	...	$2.82	$1.00	...
2	3.24	...	...	2.99	3.54	...
3	3.43	$1.50	...	3.16	3.74	$1.00
4	3.63	3.89	...	3.33	3.93	1.00
5	3.82	4.07	...	3.50	4.12	1.00
6	4.01	4.25	...	3.67	4.31	1.75
7	4.21	4.42	...	3.84	4.49	2.25
8	4.40	4.60	...	4.00	4.68	5.12
9	4.59	4.77	...	4.17	4.86	5.30
10	4.78	4.84	...	4.34	5.00	5.49
11	4.97	4.95	...	4.50	5.10	5.66
12	5.16	5.04	...	4.67	5.18	5.86
13	5.35	5.10	...	4.83	5.26	6.09
14	5.53	5.17	...	4.99	5.37	6.34
15	5.71	5.24	...	5.15	5.45	6.63
16	5.90	5.32	...	5.31	5.53	6.95
17	6.08	5.41	$1.00	5.46	5.64	7.31
18	6.25	5.50	1.00	5.62	5.76	...
19	6.43	5.60	2.50	5.77	5.89	...
20	6.58	5.70	4.00	5.87	6.03	...

Philadelphia Life New Rate Book

The new Philadelphia Life rate book has been greatly simplified by the elimination of policies whose popularity is doubtful. The preferred risk whole life and endowment age 85 have been replaced by one straight life policy and the same is true of the 20 payment plans. Participating premiums have been reduced at many points, while the non-participating premiums have been increased following the recent trend in that type of business. The accompanying table shows the new premiums on the more popular forms.

	Partic. Prems.			Non-Par. Prems.		
Age	Whole Life	20 Pay Life	20 Yr. End.	Whole Life	20 Pay Life	20 Yr. End.
15	$14.44	$23.93	$45.56	$12.56	$20.65	$42.33
16	14.73	24.30	45.64	12.81	20.97	42.38
17	15.03	24.67	45.72	13.07	21.30	42.41
18	15.35	25.07	45.82	13.35	21.66	42.45
19	15.67	25.49	45.91	13.63	22.03	42.50
20	16.01	25.92	46.01	13.93	22.41	42.55
21	16.38	26.36	46.12	14.24	22.80	42.59
22	16.75	26.83	46.24	14.57	23.21	42.62
23	17.16	27.31	46.36	14.92	23.64	42.66
24	17.58	27.79	46.48	15.28	24.08	42.70
25	18.00	28.33	46.62	15.66	24.54	42.74
26	18.46	28.87	46.77	16.10	25.02	42.81
27	18.97	29.43	46.93	16.55	25.51	42.87
28	19.47	30.02	47.10	17.03	26.04	42.93
29	20.02	30.63	47.28	17.54	26.58	43.01
30	20.57	31.27	47.48	18.07	27.14	43.11
31	21.17	31.94	47.68	18.63	27.73	43.24
32	21.80	32.63	47.91	19.22	28.34	43.39
33	22.45	33.36	48.15	19.85	28.98	43.55
34	23.16	34.13	48.43	20.50	29.65	43.74
35	23.91	34.94	48.71	21.21	30.36	43.93
36	24.69	35.77	49.03	21.95	31.09	44.15
37	25.51	36.64	49.39	22.73	31.86	44.40
38	26.39	37.56	49.77	23.55	32.68	44.66
39	27.32	38.53	50.20	24.42	33.53	44.97
40	28.32	39.54	50.66	25.36	34.41	45.30
41	29.35	40.49	51.04	26.35	35.33	45.69
42	30.48	41.48	51.47	27.40	36.28	46.11
43	31.65	42.53	51.95	28.53	37.30	46.59
44	32.92	43.62	52.48	29.70	38.36	47.10
45	34.25	44.78	53.07	30.99	39.48	47.68
46	35.69	46.02	53.87	32.31	40.63	48.30
47	37.21	47.53	54.78	33.69	41.83	48.99
48	38.82	48.70	55.77	35.22	43.10	49.75
49	40.54	50.16	56.86	36.82	44.45	50.58
50	42.37	51.72	58.06	38.51	45.88	51.52
55	53.55	62.20	66.12	48.67	54.57	57.69
60	72.10	77.01	79.03	62.48	66.50	67.72
65	98.88	102.46	101.20	82.26	84.51	84.36

Pacific Mutual Term to 65 Rates

Pacific Mutual has put out a new term to 65 contract so as to furnish insurance during the period prior to the age when social security benefits become operative. This contract is convertible to a higher premium form prior to age 60 and there is a disability clause which provides for waiver of premium and for automatic conversion to whole life at age 65 in case the insured is disabled and the clause operative at that time. Although this is a term contract, it carries cash values, reduced paid-up term insurance expiring at age 65, and extended insurance values as non-forfeiture features. The term to 65 is issued in the participating department only and at ages 20 to 50. The accompanying table shows premiums and an illustrative dividend schedule based on current earnings.

Age	Prem.	1st Yr. Div.	5th Yr. Div.	10th Yr. Div.	20th Yr. Div.	Total Div.
20	$11.91	$1.09	$1.62	$2.14	$3.04	$42.85
21	12.08	1.09	1.62	2.15	3.06	43.05
22	12.25	1.09	1.63	2.16	3.08	43.33
23	12.43	1.10	1.64	2.17	3.10	43.60
24	12.61	1.10	1.65	2.19	3.13	43.95
25	12.81	1.11	1.66	2.21	3.16	44.31
26	13.07	1.12	1.67	2.23	3.19	44.69
27	13.35	1.13	1.68	2.25	3.23	45.13
28	13.63	1.14	1.70	2.27	3.25	45.57
29	13.93	1.15	1.72	2.30	3.27	46.02
30	14.25	1.16	1.74	2.33	3.29	46.47
31	14.58	1.17	1.76	2.35	3.31	46.86
32	14.93	1.18	1.78	2.37	3.33	47.29
33	15.30	1.19	1.80	2.40	3.34	47.77
34	15.68	1.21	1.82	2.43	3.35	48.25
35	16.07	1.23	1.84	2.46	3.36	48.72
36	16.50	1.24	1.86	2.48	3.35	49.00
37	16.95	1.25	1.88	2.51	3.34	49.38
38	17.42	1.27	1.90	2.54	3.33	49.74
39	17.91	1.29	1.93	2.57	3.31	50.16
40	18.44	1.31	1.96	2.60	3.28	50.47
41	19.08	1.34	1.99	2.63	3.24	50.79
42	19.75	1.37	2.02	2.67	3.18	51.07
43	20.47	1.40	2.06	2.70	3.10	51.32
44	21.23	1.43	2.10	2.73	3.01	51.47
45	22.04	1.47	2.14	2.76	2.90	51.64
46	22.91	1.51	2.18	2.79	...	48.84
47	23.81	1.55	2.22	2.81	...	46.06
48	24.79	1.59	2.26	2.83	...	43.33
49	25.83	1.63	2.30	2.85	...	40.66
50	26.94	1.68	2.35	2.87	...	38.09

Monumental Life Devises New Retirement Income Plan

Monumental Life of Baltimore has devised a retirement income policy to provide for income at maturity on a 3 percent interest basis. At the same time, new settlement options for regular policies were also placed on the 3 percent basis, comparable to numerous other companies. The premiums for the

retirement contract are shown in the accompanying table.

Age	*Ret. Income Age 60	*Ret. Income Age 65	Age	*Ret. Income Age 60	*Ret. Income Age 65
11.....	$19.07	$15.88	33.....	45.40	33.65
15.....	21.87	17.66	34.....	47.90	35.17
16.....	22.59	18.19	35.....	50.62	36.79
17.....	23.36	18.75	36.....	53.42	38.58
18.....	24.18	19.33	37.....	56.47	40.51
19.....	25.05	19.95	38.....	59.83	42.59
20.....	25.96	20.61	39.....	63.52	44.85
21.....	26.91	21.28	40.....	67.59	47.30
22.....	27.92	21.98	41.....	72.23	49.93
23.....	28.98	22.73	42.....	77.44	52.80
24.....	30.12	23.54	43.....	83.27	55.93
25.....	31.33	24.38	44.....	89.85	59.39
26.....	32.66	25.61	45.....	97.33	63.19
27.....	34.08	26.54	46.....	....	67.42
28.....	35.60	27.53	47.....	....	72.14
29.....	37.24	28.58	48.....	....	77.42
30.....	38.98	29.70	49.....	....	83.36
31.....	40.97	30.93	50.....	....	90.09
32.....	43.09	32.24			
Disability Rates					
20.....	$ 0.54	$ 0.49	40.....	1.62	1.45
25.....	.67	.61	45.....	2.39	2.11
30.....	.86	.78	50.....	...	3.25
35.....	1.17	1.04			

*$1,000 insurance or cash value if greater. At maturity, male, $10; female, age 60, $8.98; age 65, $8.96. 120 months certain. Maturity cash value: age 60, $1,701; age 65, $1,523.

Prudential's Scale Maintained

The Prudential dividend scale for 1940 is generally the same as that for 1939.

Effective March 1, Prudential will increase single premium annuity rates.

Hereafter Prudential will consider up to $5,000 on the lives of children between ages 10 and 14, nearest birthday, provided the parent or person liable for the support of the child carries at least twice as much insurance. This restriction will not apply to applications for $1,000.

The company will consider applicants, otherwise eligible, who contemplate travel or residence abroad. These will be considered on their individual merits and may be issued with either a "war exclusion clause" or with an extra premium with no restrictions.

Revised annuity rates of the Prudential, effective March 1, reveal an average increase over present figures of about 3 percent on life and about 5 percent on instalment refund contracts. Under the new scale $1,000 would purchase an annual payment of $54.53 for males, age 50, and for females, $49.12. At age 60, the returns would be $70.67 and $61.50 respectively; age 65, $82.92 and $70.67; age 70, $99.50 and $82.92.

For instalment refund contracts the return purchased by $1,000 will be: $48.71 for males, age 50, and $45.09 for females; age 60, $58.51 and $53.13 respectively; age 65, $65.10 and $58.51; age 70, $73.26 and $65.10. The latter form of contract stipulates total periodical payments will not be less than the purchase price. In addition to straight life and refund forms the rate revision covers last survivor contract charges.

Ohio State Continues Dividends

Ohio State Life will continue the 1939 dividend schedule for the year beginning March 1. The rate of interest on dividend accumulations and policy proceeds will continue at 3.5 percent on those contracts which provide for that rate as a minimum but for issues since Jan. 1, 1939, the rate will be 3 percent.

CHICAGO

ILLINOIS FEDERATION MEETING

John P. Keevers of Chicago, resident vice-president Maryland Casualty, was elected president of the Illinois Insurance Federation at its annual meeting this week. H. N. Douglass, resident manager New Amsterdam Casualty, who has been president for two years, becomes chairman of the board. J. L. Maehle of Chicago, manager American Surety, is first vice-president. C. F. Axelson, Northwestern Mutual Life in Chicago, and President L. D. Cavanaugh, Federal Life, were elected vice-presidents. Mrs. Lillian L. Herring was reelected secretary. Mr. Axelson is a member of the executive committee, as is E. V. Mitchell, general counsel Continental Casualty and Continental Assurance. Among the directors are Henry Abels, vice-president Franklin Life; P. B. Hobbs, manager Equitable Society at Chicago; C. B. Stumes, Stumes & Loeb, Chicago, managers Penn Mutual Life.

O. J. Arnold, president Northwestern National Life, who was the speaker of the day, made a deep impression. A synopsis of the address will be found in another column.

There was a large attendance and the main room at the Union League Club could not accommodate the crowd, so an overflow was arranged for.

Present at the meeting were C. B. Helm, secretary Minnesota Federation; W. E. McKell, New York, vice-president American Surety and former president Board of Trade of New York, and Roy L. Davis, assistant insurance director of Illinois.

WIESE TO EXPAND AGENCY

O. J. Arnold, president Northwestern National Life, in Chicago this week to address the annual meeting of the Insurance Federation of Illinois, discussed with Raymond J. Wiese, general agent, plans for expansion of the Wiese agency which will take additional space on the 38th floor at 1 North La Salle street, giving it almost the entire floor. Extensive remodeling will be done. The additional space will afford facilities for three agency units and a fully-staffed brokerage department.

MUNGER TO SPEAK MARCH 5

Royal F. Munger, financial editor Chicago "Daily News," will address the advisory council of the Chicago Association of Life Underwriters March 5 at Hotel LaSalle.

S. R. COOPER JOINS BAXTER

Associated with L. H. Baxter, who has resigned as Chicago manager of the Girard Life to open a new agency for the Federal Life in its home office building at 168 North Michigan avenue, Chicago, will be S. R. Cooper. The new office will be called the "Central Agency" and will occupy space on the eighth floor. Mr. Cooper has been connected with the Mutual Life of New York in Chicago.

CURTIS IS CONTEST WINNER

Isaac Curtis, Travelers, was the winner of a life insurance in action contest conducted by the Better Business Clinic of the Chicago Association of Life Underwriters. Second place was accorded to Jack Rawles, Reliance Life, and third to Donald Nash, Fidelity Mutual. First, second and third prizes were two years, one year and six months memberships in the association.

Contestants told what they thought was their best motivating story. The audience determined the winners. Presiding at the clinic was J. H. Brennan, manager Fidelity Mutual Life, Chicago.

RECORDS

Postal Union Life—For the first 36 days of 1940 the agency force wrote $522,094 of new business. Fifteen of the leading agents accounted for almost $300,000 of this amount in January.

Protective Life — Regular ordinary business written in January was 53 percent ahead of the same month last year. Issued business was 32 percent ahead and paid business 21 percent ahead. February so far is showing a 50 percent increase.

INDUSTRIAL

Western & Southern Rally

A rally of Western & Southern Life agents was held in Chicago Saturday with A. O. Peyton, superintendent of

agents of that district, in charge. There were 400 present. This week is "Founders Week" with the Western & Southern and the Chicago conclave was a curtain raiser to that event. It is hoped to secure $1,000,000 of ordinary during the week and add considerably to the industrial debit. Mr. Peyton kept the meeting going in good shape. Among the speakers were G. Hanson, manager at Hammond, Ind.; W. Clusmeier, South Bend, Ind., manager; C. Clevenger, Chicago manager, and H. Modell, Chicago agent.

Craffey Is New England Head

BOSTON—P. J. Craffey, manager Dorchester district Metropolitan Life, has been appointed head of the New England Managers Association of the company, which represents 103 managers.

John Hancock Regional on Coast

SAN FRANCISCO — A regional convention for Pacific Coast managers, assistant managers and qualified agents in the weekly premium department of the John Hancock Mutual Life will be held at Del Monte, March 14-15. Paul F. Clark, vice-president; Arthur Dalzell, field service department; J. W. Messinger, superintendent of agents, and R. B. Witham, Pacific Coast regional manager, will be the principal speakers. Mr. Clark and the other home office officials will also confer with general agents in the ordinary department.

Honor Chicago Veterans

J. I. Yore, assistant manager, and Bill Slattery, Chicago Normal Park branch of the Metropolitan Life were guests at a dinner tendered by Manager George C. Fanning in their honor celebrating Mr. Yore's 20th anniversary and Mr. Slattery's 25th with the Metropolitan.

Ernest Hatch Is Retiring

E. G. Hatch, prominent in the life insurance business in Buffalo for more than 40 years, has retired as manager of No. 1 Agency of the John Hancock Mutual. He is succeeded by C. C. Bauer, formerly manager of the No. 2 Agency there. Mr. Hatch has stood out during the past four decades as one of the pioneers in the insurance business in Buffalo, taking an active part in affairs of the Buffalo Life Underwriters Association and serving as its president in 1907. He also was one of the founders of the Buffalo Life Managers Association and helped write its by-laws.

Mr. Hatch has been associated with the John Hancock for 45 years. Beginning his career with the company in Boston, he went to Buffalo in 1910 as manager of the agency in the White building.

Merge Columbus Offices

The Western & Southern Life has merged its two offices at Columbus, O. Headquarters will be at 16 East Broad street, with W. J. Ison as district manager. He went to Columbus 18 months ago from Terre Haute. Joseph Moore, manager South High street office, has been made manager of the Columbus, Ind., district. He was formerly at Piqua.

Marius Hansen, 15 years superintendent of the No. 2 Prudential office in Toledo, A., now is in charge of the No. 2 office in Kansas City. He has been in life insurance 19 years.

Charles Luker of Nashville, southern territorial manager **National Life & Accident,** and Ed Mason, southern territorial supervisor, were honor guests at a dinner-dance given by employes of the company in Birmingham.

Not Subject to Real Estate Law

AUSTIN, TEX.—The John Hancock Mutual Life and the Jefferson Standard Life which operate their own loan and sales department, paying straight salaries instead of commissions are not subject to the Texas real estate dealers license act, the attorney-general has held.

Says TNEC Probe Is Wandering

(CONTINUED FROM PAGE 1)

seeking economic power or control over American business or finance, avoids ownership and ownership rights—and seeks only to make credit available when and where it is needed—to business or to government. And for the past 60 years there has been a consistent trend toward decentralization of assets both by companies and by geographic areas.

"Insurance holds the bulk of its reserves for the benefit of its policyholders, and not for the benefit of managers or owners, except when the latter are the policyholders themselves.

"Does insurance grow in depressions when other forces of savings cease to grow, because of some diabolical factor in its make-up or because it is a safe haven for frightened money? Has it grown because it made wild promises to the public which it could not fulfill? Or because it has fulfilled those promises it has made? Not one whit of evidence has been introduced as to why life insurance has grown big—only the fact that it grew and remained healthy through depressions. But it is difficult to see why anyone should be alarmed because life insurance has proved safe for the savings of the people during depressions.

"Completely insupportable is another apparent assumption made in lieu of thorough investigation of the facts—namely that life insurance is so big it needs federal attention.

"The burden of proof falls heavily on the shoulders of those who contend that the super power or super vision of federal government is needed in insurance affairs.

"For the how and the why and the where and the what of insurance growth surely owe their soundness in great measure to the fact that insurance for nearly a hundred years has been supervised by the states. If insurance is good—and various members of the SEC and TNEC have repeatedly and publicly declared it is good—then it follows that state supervision is good; for the two have grown hand in hand.

"It seems staggering that there has been an apparent assumption of the need for federal attention to insurance without even the slightest effort on the part of those concerned to hear testimony as to what state supervision is, how it works, what are its merits, and what are its demerits."

Mr. Arnold summarized the advantages which have accrued under state supervision of life insurance as first, that state supervision tends to stimulate progress and encourage innovations and advances in services and benefits provided for the public. Many of the great advances of the business, he pointed out, are the result of experiments tried under the supervision of some individual state, and when worked out on a sound basis, were gradually introduced and made general through acceptance in other states. Federal supervision would tend to straightjacket such experiments, and freeze progress, he declared.

A second great advantage of state supervision, he said, is the encouragement it provides for competition, by fostering the growth of new companies, under the sympathy and protection of the supervision of their home states.

Because it is impossible to control or influence the legislatures of 48 states all at one time, he pointed out, the very nature of state control is the best protection against unhealthy influences in legislation either by the insurance companies themselves or by pressure groups.

Now Free from Pressure Groups

"Ham and eggs tried in California may be disastrous in California but it does not constitute a threat to the nation," Mr. Arnold said. "A non-partisan league and a socialistic government competing with private enterprise in North Dakota may be a disastrous experiment for North Dakota but it does not mean disaster for the country. So it is in the field of insurance. Responding to pressure groups or local political elements, mistakes are frequently made and even misdemeanors occasionally found in the conduct of insurance supervision by the states. But these mistakes have never harmed the steady, safe growth of the institution of life insurance as a whole.

"Yet the moment you centralize control of insurance on a national basis and subject it to national pressure groups or national political factions, you place in jeopardy the whole institution of insurance. Those who would ignore this fact must indeed have a sublime faith in the infallibility and the super vision of a super government, a faith neither human nature nor history upholds."

If instead of substituting federal control for state control, the speaker said, federal control is superimposed in addition to state control, there will be an inevitable tendency for state supervision to relax its vigilance. "There can only be a natural tendency for the two types of supervision to get into conflicts on some matters and to 'pass the buck' on others," Mr. Arnold declared. "To the extent that they are in conflict, the results will be injurious to the business and to the extent that they 'pass the buck' supervision will be weakened on both sides."

Annual Statements Show Operations of Past Year

(CONTINUED FROM PAGE 4)

ance in force to $1,573,000,000. Net surplus totals $19,000,000, of which $2,000,000 has been set aside as a special fund for possible real estate depreciation. The dividend appropriation is $10,000,000. Payments to beneficiaries and policyholders total $39,000,000, 64 percent of which went to living policyholders. Mortality experience was well below the average of the past five years and was the lowest of any single year since 1927.

STATE MUTUAL LIFE

State Mutual Life in its new annual statement reports assets $191,209,380, policy reserves $167,546,617, general surplus $8,625,481.

New business amounted to $31,916,808. Insurance in force was $597,899,349, a gain of $2,466,246. The number of policies in force was 174,931, a gain of 412. The number of different policyholders is estimated at 118,850. Premiums received for life insurance contracts were $205,596 greater than in 1938. All terminations were but 4.91 percent of the total insurance in force at the beginning of the year.

There are now outstanding 2,376 retirement annuities and 1,748 single premium annuities. The total payment called for under these contracts outstanding is $1,861,139 annually.

The amount paid to policyholders and beneficiaries was $14,203,280. Of the amount paid under death claims 53.74 percent was left with the company under settlement options. This is the largest percentage ever left with the company in any one year. More than one half that was left was at the voluntary option and request of the beneficiaries. The company held at the end of the year $15,242,675 for payment under the settlement agreements.

Total income was $31,328,208 and disbursements $22,752,774.

Return on New Investments 3.18%

State Mutual invested $29,991,428 during the year at an average return of 3.18 percent.

The assets increased by $8,825,514. The bond account stands at $99,040,589 of which U. S. governments constitute 31 percent. They are of short maturity, the average being 8½ years. More than 52 percent of all bonds mature within 15 years. This, according to President Chandler Bullock, should put the company in a position to take advantage of changes in interest rates.

The actual market value of bonds was $2,905,000 in excess of the total values shown in the statement. The market values of stock holdings were $525,109 in excess of book values.

Mortgages constitute 18.3 percent of assets. Mr. Bullock stated that the mortgage account is in excellent condition. Over due interest was only $38,242. State Mutual invested during the year $7,670,485 in mortgages at an average rate of 4.22 percent.

Real Estate Declines

The real estate is less than a year ago by $1,006,681. During the year State Mutual sold properties valued at $1,487,030 at a price in excess of book values. An average of 24 percent of the sales price was received in cash at the time of sale. The properties sold generally are those which were considered least apt to appreciate with the development of a market and with improvement in values. All adjustments in values that have been made have been downward.

The foreclosed real estate account is 7.4 percent of total assets. It has been carefully reappraised and is one of the substantial assets. However, State Mutual is proceeding to an orderly liquidation of these holdings.

The outstanding amount of policy loans is a smaller total than at the end of 1930 when the assets were nearly $50,000,000 less.

There is set aside as dividends for 1940 $3,725,000 which is on the same basis as last year.

The mortality ratio was 51 percent.

More than 18 percent of the number of lives written in 1939 were women.

Thirty-four percent of last year's maturing endowment holders were women.

President Chandler Bullock presents a stirring message in transmitting the statement.

"Life insurance," he said, "has never promised beyond its ability to perform. That fact stands out particularly after these last few years. The people have listened to many promises from other prominent sources, promises many of which have not been fulfilled—where performance has failed, and sometimes failed quite utterly. Both here and abroad, people have hopefully heard promises about this and that from those seeking office, from those in high office, from political platforms, from governments. They have now noted that some of these promises have been forgotten and other promises have proved impossible of accomplishment, however well intentioned.

"There has been, however, no public disappointment in the promises of life insurance. The reserves behind its contracts have proved fully adequate and are not subject to the atmospheric pressure of party politics. Thus there has been no disillusionment concerning our promises of betterment and of security.

"Political parties and governments may announce idealistic and noble objectives, but the ways, the means and methods, which are all important and vital to any attainment, are often inherently beyond any governmental capacity anywhere in the world.

"The glory of life insurance is that it is an unsurpassed combination of idealism and realism. And the public is now sensing the fact that practicability is necessarily lacking in many other so-called ameliorating social programs put forward in some other quarters."

WASHINGTON NATIONAL

Life insurance in force in Washington National reached a new peak of $214,913,982 in 1939. Assets increased to $44,716,523.

Of the assets 41.90 percent are in U. S. government securities and FHA loans; 13.07 percent are held in cash.

Surplus to policyholders rose to $3,263,832, a gain of $536,812. Premium income showed an increase of $982,920. Increases were made by every department.

GENERAL AMERICAN LIFE

Nearly $1,600 every hour was paid during 1939 to policyholders by the General American Life, it is pointed out in a "layman's annual report." Total policy payments during the year amounted to $14,009,401, and from Sept. 1933, to Dec. 31, 1939, it made policy payments totaling $109,935,257.

Departing from the usual formal type of report, the 1939 report interprets statistical material under such simplified headings as "premiums are the major source of income," "taxes consume a sizable proportion of income," "operating expenses showed a reduction during the year," and "investment income produced a net yield of 4.17 percent."

Earnings During the Year

Total earnings in 1939 including profits from the sale of capital assets, amounted to $2,300,010, an increase of 13 percent. The bond portfolio had an actual market value of more than $2,100,000 in excess of the amount at which this item is carried in the statement. The liquid position has been enhanced, United States government bonds and cash balances having been increased by approximately $3,400,000. Despite this and the fact that sound investments possessing a satisfactory interest return are difficult to procure, the average yield on mean ledger assets was 4.17 percent, a slight increase over 1938.

Since the program for mutualization of General American Life was adopted in June, 1936, a total of 23,323 shares of 50,000 shares originally outstanding have been retired. The mutualization program provides that stock is to be retired at a fixed price of $60 per share from surplus earnings and profits. No funds belonging to policyholders can be used for this purpose. "It is seen," the report continues, "that after approximately 3½ years, the mutualization is 46.6 percent complete."

New ordinary business issued and paid for was more than 9 percent greater than in 1938. In the group department, master group contracts embracing 330,339 individual policies were being administered as of Dec. 31, representing an increase of 16,968 individual policies over Dec. 31, 1938, with a substantial gain in group life insurance in force. The commercial accident and health department showed a healthy increase in earned premiums.

LUTHERAN MUTUAL LIFE

The Lutheran Mutual Life of Iowa reports $10,630,361 assets, a $1,386,187 increase. It has $5,828,252 invested in mortgage loans and $2,596,729 in bonds. Reserves are $8,392,483. Mortality experience in 1939 was 28.8 percent of the expected and interest earnings were 4.13 percent, which is an increase over 4.06 percent in 1938. Insurance in force showed a gain from $57,865,661 in 1938 to $63,619,349.

Pink Militant Against U. S. Control

(CONTINUED FROM PAGE 2)

They stated that it would have been impossible for the practice to have existed on any sizable scale without their knowledge, Mr. Pink said. As to the charges of self-perpetuation of management, Mr. Pink said:

"The experience of the years has proved that, while it is difficult to change management, it is by no means impossible. We have had but three real contests under the law. Two of them were favorable to the managements, although the opposition was conducted by men of great ability backed by large amounts of capital, and the other resulted in favor of the contestants. . . . It may be that with more experience we shall find some method under which it will be possible to further democratize our great industries without endangering the essential rights of stockholders and policyholders by encouraging attacks from those who seek to gain control for their own ends. Every constructive suggestion along this line should be given serious consideration."

Informing of Right to Vote

Mr. Pink mentioned that the department now required companies to print on premium receipts a statement indicating, not only the policyholders' right to vote either in person or by mail proxy at the time of the annual meeting, but also the right of policyholders to nominate an independent ticket five months prior to the election. In the case of industrial policyholders the notice is to be printed in the premium receipt book. Further, the department now requires a company to advertise the identification of each of the candidates on the administration ticket and the holding of ballots two years even after uncontested elections.

Against Salaried Directors

"We have given consideration to the possibility of having public directors appointed by the governor and superintendent or by some other official body but in our opinion that would not improve the situation," he said. "All directors of life companies are public directors and no distinction should be made between them. We feel that the department is stronger in its supervision when it can go into a company and supervise than if it had its nominees actually on the board. Public directors might be hepful to a certain extent, but there is also the possibility of political abuse and bringing the department directly into the management. It is the theory of our democratic form of government that the department should supervise and in emergencies direct, but not operate or manage, companies under its jurisdiction."

Interlocking directors and patronage: "It is essential that the trustees of life companies be men of broad vision, of standing and experience in many lines. In order to get men of this type it is unavoidable that some of them are connected with other large financial institutions. It is probably not wise to prohibit interlocking directors by law nor would it be in the best interests of policyholders to prohibit companies doing business with each other when there are interlocking directors. It would seem to be primarily a question of wise and prudent management. . . . Suggestion has also been made that directors be paid a salary in order that they give adequate time to their work. We are not in sympathy with this. It would simply create more vice-presidents and make it more difficult to secure some of the men who should serve on these boards."

Attitude on Bond Amortization

Investments: Regarding SEC criticisms of carrying at amortized values bonds selling as low as 30 or 40 on the market, Mr. Pink said that the department thought there was merit in the criticism of E. J. Howe, SEC chief financial adviser, and considered that the conservative thing to do was to prohibit carrying securities on the amortized plan which have a very low market value unless their worth can be proven and that the department has therefore issued a ruling to the effect that, even though a bond is rated B by one or more of the investment rating concerns, satisfactory proof of value for amortization purposes must be furnished to the department and approval obtained in the event that the quotations or sales prices on them have not been higher than 50 percent during the three months immediately preceding the date of the statement. No more drastic change than this should be made at present, Mr. Pink said, although admitting that experience may show it is possible to increase the percentage in the near future.

Value of Examinations

Examinations of companies: Saying that "if we had to eliminate all phases of insurance supervision except one, the examination of companies would be retained." The report goes into considerable detail in describing the safeguards which the examinations insure.

It mentions particularly the work of the real estate bureau, stating that "among all the assets held by insurance companies the one in which the value is least readily determinable is real estate."

Saying that examination of the real estate and mortgage assets of the companies for the past year indicates both encouraging and discouraging factors, Mr. Pink calls the attention of the companies to the following trends: Increased competition for mortgage investments: a still further drop in mortgage rates; a slight increase in building costs; more sales of income property for little cash and long-term low-interest-bearing purchase money mortgages; an increase in liquidation of good building plots for still lower prices and on very easy terms; increased interest in the suburbs; further decentralization of business locations; a tendency to use fine locations for inferior purposes; evidence that there is still considerable property in weak hands; increase in devastated areas not only in farming country but in urban centers as well; and continued high rate of unemployment with consequent limitation of buying power and continued low rents.

Criticises Industrial Loans

While speaking favorably of FHA mortgages, Mr. Pink said, on the other hand, that the slight tendency toward making so called industrial loans secured by mortgages on factories and specialties is not one which is recommended by the department. "While these loans do not exceed two-thirds of the real estate value they depend to a large extent for their safety upon the success of the particular enterprise which occupies the property," he warned.

Life insurance housing: "Despite the pressure for new investments we have frequently stated that the department does not favor putting the life companies into the business of building and operating apartments, hotels and other commercial enterprises. But providing large scale, low rental accommodations for the lower income groups would furnish a new form of investment and this type of housing has been shown by the experience of many years, both in this country and abroad, to be a safe undertaking."

Mr. Pink reiterated his statement made several weeks ago to the National Public Housing Conference that there should be cooperation between life companies and cities in replacing blighted areas with low cost non-subsidized housing projects. He said that the department thoroughly agrees with Governor Lehman's suggestions that life companies be authorized to invest in the stock and debentures of limited dividend corporations as organized under the state housing law.

Criticisms of Industrial Silenced

Industrial: After commenting on the department's proposals on industrial which have either been embodied in the law or considered by the Piper law revision committee, Mr. Pink stated: "It is believed that the laws already enacted together with the several additional proposals made by the department will remove many of the criticisms of the industrial business."

Group insurance: "That portion of the testimony at Washington which was publicized would lead one to think that the companies had conspired to raise rates beyond a fair cost and that the department had acquiesced without real inquiry. This is impossible in view of the fact that rates are fixed by the experience of each group. When group insurance was actively taken up by the companies the danger was not that the initial charges were too high, but, on the contrary, that they were too low.

"The companies were in active competition and were tempted to fix the rates below cost in order to get the business away from their competitors. In order to remedy this the insurance law was amended in 1926 to require the department to fix the minimum gross premiums which would be charged by life companies for group life insurance for the first year. . . . It has been found as a rule that the rates suggested by the companies have been fair and equitable."

Savings bank life insurance: After a brief summary of the number of banks, amount of business and the like, of the New York banks in the system, Mr. Pink stated that he omitted a more detailed discussion because he intends to issue a separate report giving the details of operation for the first fiscal year which ended Oct. 31, 1939.

Surrender charges: "A sub-committee of the committee on a new mortality table of the National Association of Insurance Commissioners intends to study surrender charges in the next few months. We shall cooperate with that committee and, in addition, unless the pending bill becomes a law, we expect to make a study of the entire problem by a department committee so that we shall be in a position to make a definite recommendation at the next session."

Favors New Mortality Table

New mortality tables: "Adoption of a new mortality table . . . would not in itself have the effect of reducing gross premiums charged, except perhaps at the younger ages for non-participating insurance. However, it would make for a more equitable distribution of the cost of insurance. Keeping in mind that over 95 percent of the business in this state is on a participating basis, a new mortality table would make for greater equity in dividend distributions as between various classes of policies. It would also make for a more equitable distribution of nonforfeiture values to withdrawing policyholders."

Insurance counsellors: "It is the department's opinion that the effect of the Massachusetts law (licensing counsellors) should be observed before similar legislation is adopted in the state of New York. . . . Many of the activities for which the insurance counsellors are charging a fee are also being performed for policyholders by the department . . . but the department's facilities are limited and whether or not insurance counsellors are licensed the question remains as to whether provision should be made for expanding the services to be rendered to policyholders by the department.

Suggestion Not Supported

"Some time ago the superintendent suggested that the companies establish offices in central places where disinterested advice could be given to policyholders and no insurance would be sold. There seems to be some merit in the idea, but it has aroused little interest or support. . . . One reason advanced against the proposal to expand the ac-

tivities of the department is that it represents a questionable extension of its ordinary functions. It gets away from insurance supervision and enters the educational field. It also adds to the expenses of the department. But if the legislature concludes that it is advantageous to enlarge the activities of the department we shall do our utmost to give these additional services to the policyholders with zeal and efficiency."

Sales pressure: "The TNEC has been helpful in calling attention to the maladjustment of sales. One hundred and ten billion dollars of life insurance outstanding is not too much. The country is by no means saturated. While this growth has been a splendid one and the life underwriters are entitled to far more credit than they receive, there has been too great a tendency to let the agency departments control the management of the companies. There has been too much pressure in selling life insurance and it has not always been wisely distributed. Sufficient emphasis has not been placed on the sale of the right kind of insurance to the right people.

Criticises High Lapse Rate

"If there is one thing about the life insurance business which is subject to serious criticism it is the high rate of lapsation. Instead of diminishing, this has increased through the last quarter of a century. In the future there must be no diminution of the effort to sell insurance, but pressure should be taken off volume and the emphasis should be placed on really meeting the needs and requirements of the people to whom it is sold."

Paying tribute to the work of the American College of Life Underwriters and other educational movements, Mr. Pink holds that, nevertheless, the great professionalization must come chiefly through the efforts of the agents themselves with the support of company management. There must always be an inducement to agents to sell and a reward for their enterprise, he conceded, but warned that the pressure for sales has been altogether too great and too unenlightened.

Views Method of Compensation

"One inducement to high pressure salesmanship is the present method of compensating agents," he states. "A very large part of the commission is paid when the policy is sold. This encourages sales when the prospect may not be really able to continue the policy. Some method of distributing the commission over a reasonable period of years would do much for persistency. Efforts along this line are now being made by some of the leaders in the industry. It is also thought that particularly in industrial insurance part of the compensation might be in the form of salary and that there should be differentiation in the commission paid for weekly, monthly and ordinary insurance so as to encourage the sales on the most permanent type.

"We must not let the tail wag the dog. The agency division of our companies should accommodate themselves to the best type of insurance salesmanship. Company management should not be prevented from forward-looking experimentation because it may disorganize to some extent the agency setup. We believe that the life insurance underwriters, one of the finest and ablest bodies of men in the country, realize that pressure must be taken off and that a more intelligent sales program must be perfected."

Aim Is to Keep Out of Courts

TORONTO — Addressing the first 1940 session of the Life Insurance Institute of Canada here, R. D. Taylor, assistant superintendent of claims Sun Life of Canada, spoke on "Some questions Regarding Title to Life Insurance Proceeds."

The aim of the insurance man, Mr. Taylor said, is to keep the policyholder, the beneficiary and the company away from the expense and worry of the courts. The aim is to avoid lawsuits, not win them.

Van Schaick Testifies on Practices of New York Life

(CONTINUED FROM PAGE 1)

the statements will be given ample notice, he said, of the questions members of the committee will want to ask in connection with the statements.

At the request of Gerhard Gesell, special counsel SEC, which is presenting the material to the TNEC, Mr. Van Schaick described the systematic procedure the New York Life has followed in writing down the values of its foreclosed properties. He said the total write-downs after offsetting write-ups where contracts of sale were for more than book value, was $50,286,593 from 1931 to the end of last year. Indicating that the company's policy is a realistic one and inclined to err, if at all, on the conservative side, Mr. Van Schaick said that 1939 sales of real estate totaled $11,167,000 on property with a book value of $9,875,000, the latter figure representing 8.55 percent of book values on real estate at the end of 1938. In 1938, he said, the company decided to mark down all real estate acquired through foreclosure to no more than the face amount of the mortgage. This amounted to a $7,744,000 write-down.

Obsolescence a Factor

Then, because of experience in making sales it was decided to include a factor for obsolescence of buildings. This was 3 percent per year on the building's value, dating from acquisition of the property. This took a write-down of $10,871,000. Writing properties down to figures in line with established sales prices took another $285,000. Writing down properties on the basis of New York insurance department appraisals took $5,626,000 on properties valued at $100,000 and more.

Asked his attitude on capitalizing accrued interest in valuing real estate, Mr. Van Schaick said it is not a good practice but that there are certain cases where funding of interest may be sound.

O'Mahoney remarked on the wide latitude or judgment permitted companies in valuing their real estate and wanted to know if these values and the amounts written off were due to any attitude on the state insurance department's part.

"All I can say is that our program has been commended and commended rather highly by the New York insurance department," Mr. Van Schaick said, but agreed with O'Mahoney that there was no compulsion from the department. The witness had earlier mentioned that the conservative views of the department on this point were stated in reports to the legislature and companies could not help being familiar with them.

Commissioner Henderson of the SEC asked Mr. Van Schaick what could be done to reveal to the policyholder the security behind his insurance. The witness said he hadn't heard of the commissioners convention taking up this question but that it was his impression that something could be done. He pointed out the need of caution since alarming statements may result in danger to an insurance company like a bank. Henderson agreed with this, saying the SEC had found a frank statement to be the best plan, running neither to alarming statements nor gaudy superlatives. Mr. Van Schaick indicated that he shared that view. In response to another question he said he agreed with criticism by Ernest Howe, SEC chief financial adviser, of the archaic accounting methods embodied in the annual statement blank.

Answering a question from Henderson Mr. Van Schaick happened to mention company size as a factor in withstanding the difficulties that preceded the policy loan moratoria. He refused to elaborate on the advantages of size, however, not wishing to draw any invidious comparisons with smaller companies. This reticence brought on a good natured debate with Patton Sumners, representative from Texas and TNEC vice-chairman, who was sincerely interested in the size question. As to the big company having a bigger "cushion," Sumners said, "the little fellow sitting down on a little cushion doesn't mash it down any further than the big company sitting down on a big cushion."

After the laughter died some, O'Mahoney remarked that this "may be the most important question that has come before us—there is always the question of the social advantage of size." Turning to Mr. Van Schaick, he asked, "Do you wish us to get the impression from what you have said that size in itself is an advantage?"

"Size has many advantages," the witness conceded, "but I prefer not to go beyond that. It was quite apparent in the moratorium. I mentioned in connection with the moratorium because it was quite apparent then."

O'Mahoney said that as to the question of size a bill passed the senate which would empower the Interstate Commerce Commission to take business away from larger roads and give it to small, weak, short lines, a move which he termed an extension of government power of "tremendous significance."

Gesell attempted to balance the size question by asking "Do you feel that there are disadvantages to size?" "Why, yes, there are disadvantages to everything in this world," Mr. Van Schaick responded with a smile. Asked by Congressman Harrington if quality of management were not more important than size Mr. Van Schaick said he had frequently stated that management is the greatest asset that any company can have.

Disappointed at not getting a full answer to his question, but still good natured, Sumners confessed that Mr. Van Schaick's reply hadn't helped him much, "expect that a very fine, intelligent looking gentleman gave that opinion—of course, that's not going into the record," he added, above the general hilarity.

"Why cut that out?" Mr. Van Schaick came back, and then explained seriously why it would be inappropriate for him to draw comparisons on the basis of size, while a witness at a hearing, but added that "some day when you and I are at dinner—"

"What I was trying to do," Sumners interposed, "was to give you a chance to brag on your company in the hope that I might get a dinner invitation."

President G. W. Smith of the New England Mutual was the sole witness Tuesday morning. He testified on the company's investment policies.

Interesting Comparison Made by John Stevenson

During his testimony before the TNEC on Feb. 13, J. A. Stevenson, president Penn Mutual Life, presented a series of figures to show why he considered life insurance to be far from the saturation point, viewed in the light of the American people's capacity to make further purchases. He compared to total life insurance premiums paid in 1937, $3,761,745,000, with "Consumers' Expenditures" for various other items during the same year, using, in his testimony, a table published by the National Industrial Conference Board. In some manner, the figures given in this table were transposed so that in two cases, the figures reported in the testimony are incorrect. The correct figures, as they appear in the conference board's table, are:

Forms of Expenditures	Amount Expended in 1937
Food and soft drinks	$17,433,000,000
Alcoholic beverages	3,602,000,000
Tobacco	1,674,000,000
Clothing	7,095,000,000
Transportation	7,803,000,000
Home maintenance (Including imputed rentals.)	19,496,000,000
Personal appearance	1,383,000,000
Recreation	3,465,000,000
Social-cultural activities	3,884,000,000

Col. H. I. Weed, vice-president and general counsel Wisconsin National Life, Oshkosh, Wis., observed his 79th birthday, and **Arthur James,** vice-president and agency director, observed his 63rd birthday the past week. Officers and employes of the company presented each with flowers.

Public Relations Plan Shaping Up

(CONTINUED FROM PAGE 1)

code which has been in preparation for many months in the law committee, headed by James Mann Miller, Chicago, counsel Woman's Benefit.

Various states have moved to amend fraternal laws. It was considered desirable to prepare a model code which could be submitted for consideration in states which move to change their fraternal law. It was felt the model code would receive a better hearing if it bore the stamp of approval of the National Association of Insurance Commissioners.

To Take Up with Commissioners

Therefore in line with criticisms and suggestions from member societies which were debated at Chicago for two days, the code will be revised and presented by a subcommittee of the law committee to a subcommittee of the commissioners' fraternal committee, headed by W. A. Sullivan, state of Washington commissioner. This joint session probably will be held in March or April, with the thought of ironing out differences and securing a draft that can be presented to the commissioners association at its June meeting.

The executive committee held a joint meeting with the law committee Monday on this matter, and deliberated on it most of Tuesday as well. Many societies objected to a provision that societies must embody copies of application and medical in certificates. There have been efforts by a number of states to put through such a requirement. Fraternals feel the cost would be insupportable.

Another Constructive Project

There also was some discussion of an irrevocable beneficiary clause, something which most fraternal certificates do not now contain. Another suggestion which was deemed very constructive and came from H. L. Ekern, president Lutheran Brotherhood, Minneapolis, was that fraternals be prohibited by law from merging with or being reinsured by any but other fraternals. This, it was said, would tend to perpetuate the fraternal system, closing a gap through which much fraternal insurance might eventually be changed over to old line basis.

Two other special sessions were of importance, consideration of security valuations and of state bank blanks. Frank Lee of Woman's Benefit, claims adjuster and actuary, is chairman of the committee on blanks, in which it has been informally proposed that some simple, clear form of gain and loss exhibit be incorporated which would be understandable to the average certificate holder.

Three New Members Elected

Foster F. Farrell, executive secretary-manager, reported in the executive session three additional societies have been elected members. These are North Star Benefit, Moline, Ill., which was represented at the meeting by O. R. Christofferson, chief recorder-treasurer, and Mr. Nelson; Catholic Knights of St. George, Avalon, Pa., and Catholic Workman, New Prague, Minn.

UNDERWRITING CLINIC

The presidents and medical sections, and Fraternal Actuarial Association held a joint session Wednesday on underwriting. D. B. Semans, assistant secretary and chief underwriter Lincoln National Life, spoke on selective risk underwriting, discussing non-medical selection. D. D. Macken, chief actuary Woodmen of the World, Omaha, took up underwriting from the viewpoint of the actuary and field man. Moral hazard is a factor which not only the selection men in the home office but field workers must watch. The latter are in the best position to ascertain personal information which will disclose moral hazard, he said. When times are good and prospects plentiful, field men select better, he said. When times are hard they are likely to submit more shaky risks, hoping they will be accepted.

C. F. Barney, chief underwriter American United Life, took up underwriting by amounts. More intensive selling, advertising by radio, etc., have made the public more insurance conscious and to some extent more price conscious, he said.

Some Agents Bear Watching

Some unscrupulous agents have coached borderline applicants. Old line companies through use of identical services are in better position to protect themselves than fraternal societies, he said. Fraternals should watch out for agents' practice of splitting up doubtful larger cases in small applications and parceling it out among unsuspecting companies and societies.

Mr. Barney noted the rule generally used by old line companies limiting total new issue and in force on a risk to the amount which 20 percent of annual income would buy on ordinary life basis. Evidence indicates the outside limit for all insurance, for whatever purpose, should be the same as employed for personal insurance, he said.

D. B. Semans, assistant secretary and chief underwriter Lincoln National Life, spoke on selective risk underwriting, telling of successful non-medical selection practices. He urged either adopting non-medical wholeheartedly or not at all. The same attitude must be impressed on the field force.

Gives Non-Medical Suggestions

All business eligible under the rule should first be presented on non-medical basis. Agents should not have the option of having an examination made in the individual case. Otherwise there will be a tendency to anti-selection, due to those not fearing examination making application on a medical basis, and those who believe an impairment may be found applying for non-medical. If the agent feels the non-medical privilege may or may not be used, he will have a low estimate of it and not develop into a sound user of the plan.

The medical viewpoint on underwriting was presented by Dr. G. H. Williamson, vice-president and medical director Equitable Reserve. As the size of policy increases, so does mortality, he said. The same phenomenon is observed in relation to the comparative severity of depression. Manipulated financial statements and concealment of physical facts are means employed by doubtful applicants to get insurance. Selection men also have to watch for carelessly or fraudulently handled medical examinations, with modification of findings, such as blood pressure, heart indications and urinalysis by the examiner, sometimes with the applicant's connivance, he said.

Other Sections in Session

The press and secretaries' sections held breakfast meetings Wednesday. Harold C. Smith, Racine, Wis., supreme counselor United Commercial Travelers, told the press section there is a great opportunity for them to carry the message of fraternalism to members and the public through societies' publications. This material should not be bombastic, but down on the floor—human, plain and clear, he said. He noted there are 8,000,000 members of the societies, or an estimated audience of 32,000,000, or one-quarter the U. S. population.

Glimpses of Fraternalists at Chicago Gathering

The opening session of the Fraternal Field Managers Association annual meeting at Chicago which initiated the midwinter gathering of the National Fraternal Congress this week, started with a slim attendance, due to the equal attraction of a special N. F. C. executive committee meeting on provisions of the proposed model fraternal code which was being held simultaneously. F. B. Mallett, Protected Home Circle, president of the managers, solved that problem by personally shanghaiing enough audience from the other session to make a showing for speakers.

The new president and secretary of the **Knights of Columbus** were in attendance. They are President Francis Matthews of Omaha, and Secretary Joseph F. Lamb of New Haven, Conn.

Modern Woodmen, Rock Island, Ill., had a real turnout of home office talent. Besides President O. E. Aleshire, there were present F. J. Gadient, actuary; John C. Phillips, assistant to Mr. Aleshire; George G. Perrin, general counsel and his two assistants, G. H. McDonald and A. S. Edler; E. E. Wilson, editor and publisher; Henry Freitag, publicity director; Dr. E. A. Anderson, medical director; H. L. Ruff, assistant secretary, and C. A. Ortman of Kankakee, Ill., state manager in northern Illinois.

The N. F. C. **executive office** in Chicago was represented by Foster F. Farrell, executive secretary-manager; Helen Bauer, his secretary, and Helen Harlem, assistant.

The **joint meeting** of the Fraternal Actuarial Association and medical sections was an innovation that proved very popular. The subject running through the discussions was underwriting, in which both groups are equally interested. Life insurance actuaries have contributed much to underwriting studies and greatly assisted the doctors in interpreting results. It is likely the joint sessions will be repeated at future meetings.

Fidelity Life of Fulton, Ill., held a gathering at the convention hotel, with Walter C. Below, president, and many field workers from surrounding territory in attendance.

A. W. Fulton of Chicago, prominent lawyer, is to be seen at most of the N. F. C. meetings, and that at Chicago was no exception.

Equitable Reserve directors met at Chicago Wednesday, with N. J. Williams, president, presiding.

The jinx who makes things go wrong played with the **bulletin board** in the hotel lobby, with the result that the time and place of the sections' and allied meetings Wednesday were thoroughly mixed up. Foster Farrell and N. J. Williams late Tuesday night detected the errors, with three sections scheduled to meet at the same time in the same room, and had the board corrected to obviate the great confusion that would have occurred.

Sets 1 Percent Lapse Record

Bruce Veazey, San Antonio, Tex., manager Indianapolis Life, with approximately $3,000,000 business exposed, had a lapse ratio in 1939 of 1 percent, and including death claims had a loss of 2.12 percent. He wrote for the year, including annuities, $446,711 worth of business.

Long Beach Caravan Session

LONG BEACH, CAL.—About 150 greeted the caravan of the Los Angeles Life Underwriters Association here. W. J. Stoessel, National Life of Vermont, chairman of the caravan committee, presided. President C. L. Forman of the Long Beach association had charge of the meeting.

Speakers included H. E. Belden, Union Central Life, vice-president of the Los Angeles association; F. E. Pierce, Connecticut General Life; H. G. Mosler, chairman Million Dollar Round Table; Phinehas Prouty, Jr., Connecticut Mutual Life; Dan Flynn, Penn Mutual Life; Howard Neal, Mutual Benefit Life, and J. N. Bearden, New England Mutual Life.

Will Build Addition

HARTFORD—The Connecticut Mutual will start construction in mid-April on an addition to its present quarters which will provide 40 percent more floor space. The new structure will follow the architectural scheme of the present building, Georgian Colonial, which was erected in 1926.

C. L. U.

Nashville Chapter Installed

NASHVILLE, TENN.—A C. L. U. chapter was installed at a meeting of the Nashville Association of Life Underwriters. Earle W. Brailey, Cleveland, president national C. L. U. chapter directed the installation and spoke on "Will You Be Qualified in This Business 10 Years from Now?" A. W. Litz, national C. L. U. committeeman, is president of the new chapter, and K. L. Dunlap, secretary-treasurer.

Boston Dinner Feb. 27

The Boston C. L. U. Boston chapter will hold a dinner meeting Feb. 27. Osborne Bethea, New York general agent Penn Mutual, and R. B. Proctor, Sales Research Bureau, will speak.

New Chattanooga Course

CHATTANOOGA, TENN.—A new C. L. U. course is being offered at the University of Chattanooga covering the fundamentals of life insurance. Leland T. Waggoner, district manager Mutual Life of New York, is instructor. The course is sponsored by the Chattanooga Association of Life Underwriters.

Nebraska Institute Meeting

The Nebraska Insurance Institute held its monthly meeting at Omaha, with 25 members present. A question and answer program was featured. This same type of procedure was adopted for one of the meetings last year and being so successful it was repeated. The questions dealt largely with problems in practices pertinent to Nebraska companies. A. W. Mason, associate actuary of the Lincoln Liberty Life of Lincoln, who is president, presided.

Occidental Sets 1941 Convention

The Occidental Life of California will hold the next convention of its Los Conquistadores Club at the Roosevelt Hotel in New Orleans, Feb. 17-19, 1941, the week before Mardi Gras.

Agents may now qualify their wives for the convention trip by writing a specified volume of business above that necessary to qualify themselves. Club membership has been graded into five distinct degrees, according to an agent's premium volume and persistency ratio in the club year, which runs from July 1, 1939, to Dec. 31, 1940. The New Orleans convention will mark the first time that Occidental has held its convention so far east.

New Attachment Exemption Bill

RICHMOND, VA.—A bill has been introduced in Virginia by Senator J. W. Carter providing that where the beneficiary in a life policy is a natural person, other than the insured himself, the proceeds shall be exempt from attachment, garnishment or other similar process.

A similar bill introduced earlier by Representative M. H. Abernathy provides for exemption when beneficiaries are closely related to or dependent upon the insured. This measure has been before the insurance and banking committee of the house since it was offered and it is reported that it may be withdrawn. Mr. Abernathy is with the Northwestern Mutual Life.

Family Life Plan Popular

The Federal Life of Chicago finds that an increasing proportion of new business since Jan. 1 has been applications for the family life policy. With a $1,500 minimum, the average policy naturally would be larger, but so far the average family policy has been for more than $2,000. On several days the Federal Life finds the family policy applications have been one-third of all those received.

LEGAL RESERVE FRATERNALS

Modern Woodmen Assets, Other Items Gain in Year

Modern Woodmen's 57th annual statement shows a gain of $6,985,713 in admitted assets in 1939 to a total of $86,242,823. The 1939 increase is $550,000 more than that shown for 1938. The figure was taken after all death and cash claims and other obligations had been paid. Bonds represented 71.36 percent or $61,541,091. An increase of $6,513,820 was made in legal reserves, which total $79,764,980. Special reserves and contingency reserves for mortality and investment fluctuations, inclusive of the expense fund, gained $647,144, totaling $4,105,002.

President O. E. Aleshire pointed out that the totals shown are net figures after deducting non-ledger items. No credit was taken for market value of bonds and preferred stock over book value, which excess values amounted to $2,051,000, as of Dec. 31.

Total income was $24,079,076, total disbursements $16,962,710. The margin of safety was $3,045,114, or 3.82 percent over and above statutory standards. The interest rate earned was 3.92 percent and mortality improved 2.4 points. Modern Woodmen wrote $32,948,000 new business last year. It paid $12,992,000 benefits to certificate holders and beneficiaries.

Maccabees Set Record Total

The Maccabees set a 35-year production record in 1939 by writing $40,418,019 of new business, which was $5,777,000, or 16.7 percent greater than in 1938. A vacation campaign is being conducted in the first six months this year with a goal of $25,000,000 and the objectives are laid to exceed the 1939 production total this year. At the conclusion of the drive June 30, six regional conferences will be held, at Asheville, N. C.; Hot Springs, Ark.; Mackinac Island, Mich.; Rapid City, S. D.; the Yosemite and the W. E. Blaney Old Age Home at Chatham, Pa.

Lutheran Brotherhood Exhibit

Lutheran Brotherhood of Minneapolis reports assets $10,043,257, a handsome gain as compared with the 1938 figure of $8,737,365. Policy reserves are $7,775,158, surplus to policyholders $1,004,130, as compared with $849,938. The insurance in force is $69,713,722, a gain of about $4,400,000. The ratio of assets to liabilities is 111.19 and the mortality ratio is 28.32. The net rate of interest earned was 4.19.

Johnson Now Florida Manager

R. W. Johnson recently was appointed Florida manager by Maccabees, succeeding Mrs. I. G. Haas, who continues as district manager in charge of the Tampa and St. Petersburg sector. Mr. Johnson's headquarters are at Miami. He has been located in California.

Report on Joliet Fraternal

Convention examination report has been made of the Grand Carniolian Slovenian Catholic Union, a fraternal, 631 North Chicago street, Joliet, Ill. The Illinois, Ohio and Wyoming departments participated. This fraternal was licensed Jan. 12, 1898. It writes life, sick and disability insurance. The assets are $4,142,402, certificate reserves $3,304,104, surplus $765,377, solvency ratio 122.497 percent. It has 82.4 percent of its assets in bonds, 13.33 in mortgage loans, 7.6 percent in real estate, 2.75 in cash and 2.5 in policy loans.

Joseph Zalar, the supreme secretary, and secretary of the finance committee, is the chief operating officer. It received from members up to July 1, $286,555. Its total income was $395,261. It paid in benefits $212,697 and total disbursements $314,457. It had in force on July 1, $23,418,937.

Persistency Main Theme of N. F. C.

(CONTINUED FROM PAGE 3)

practical, from the standpoint of field men. Mr. Gadient's criticism of "campaign" business, Mr. Little said, was well founded. Maccabees in its campaigns emphasizes quality business, and sets up persistency qualifications by which field men are judged and honor awards made. Standardization of societies' persistency records, a suggestion of Mr. Gadient, seems difficult of accomplishment, Mr. Little said, as societies vary so in their makeup and needs.

Mr. Little agreed that field men who have actual persistency record figures can speak with more authority. It is a huge job, however, to tabulate such figures in larger societies with many field men.

Mr. Little told about Maccabees efforts to tabulate persistency figures for its 1,800 field men in the U. S. and Canada. The records are kept by states and for the country as a whole. Twice or three times a year a wholesale study of persistency is made, including the major producers. Results are sent to state managers, who with these figures can discover and iron out problems affecting producers and help them to improve their business. Outstanding individual persistency records are publicized. Some "spot" checking is carried on continuously to discover bad records and permit early correction.

Annual premium collection is a fine thing for a society if it is possible to sell on that basis, but probably, Mr. Little said, the societies should be content to sell on a monthly basis. This, he said, is a field the societies have almost to themselves. While there is 12 times the exposure to lapse, Mr. Little felt there was a strong buying incentive in monthly rates. Collection problems, however, are greatly increased. Work must be done in improving the collection system.

Mr. Little presented other reasons for lapses. Too many fraternalists write too many people who are likely to get out of work. A representative cross-section of citizenship is needed. Unfortunately, he said, fraternal insurance seems to appeal most to the poorer classes. Frequently the field people do not service the business consistently after it is written. They should sell better initially, and do a better job of reselling when the risk becomes shaky and is likely to lapse or has lapsed. Home office supervision in conservation work is essential. The home office should take the responsibility for conservation or work closely with those who are responsible.

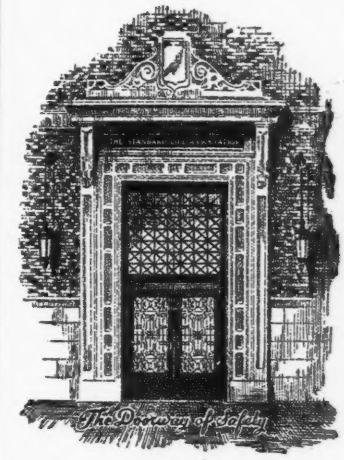
F. P. Huston, vice-president "R. & R." Service, Indianapolis, who wrote the fraternal sales training volumes used as a study course for taking the Fraternal Insurance Counselor (FIC) examinations, discussed the course.

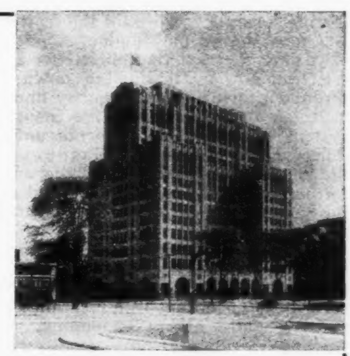
Business and commerce would be in

Reports on Year

FOSTER F. FARRELL

Foster F. Farrell, secretary-manager National Fraternal Congress, reported at the executive committee meeting held just before the mid-winter meeting of his organization in Chicago this week. The congress has grown in influence and usefulness to members. Under his management the services to societies have been amplified and the various activities throughout the country knit closely together.





a bad way save for the services of salesmen, A. O. Benz, president Aid Association for Lutherans, declared in the opening address Tuesday. The field representatives of fraternal societies should be thoroughly educated, he said, better to carry the message and benefits to the public. They should be better trained to serve.

The field is unlimited. There are still a great many who do not have life insurance protection, and a vast number who do not have enough. When all the insurable people in the country have been properly covered, there will be continuing need for field representatives to service this insurance and to write protection on the additional number of people due to growth in population.

VIEWS SOCIAL SECURITY

Fraternalists need not fear the inroads of federal social security, R. G. Pope of the statistical department Equitable Reserve, Neenah, Wis., stated in a talk on the relationship of the social security act amendment of 1939 to life insurance. The people, through a well defined public relations program by societies designed to correct and counteract the erroneous viewpoint that many people have regarding fratrenal policies, will continue to buy these, realizing social security is only a partial means to the end. He feels public sentiment gradually will determine just how far social security can and will go.

"If the people wish to make certain of a given amount of income in old age," he said, "or if they want to be certain of a definite amount of death benefits, they will buy that protection from an institution that never changes nor disappoints —the life insurance society."

Many Needs Not Covered

He said examination of the amended act fails to disclose answers to at least 16 questions, and many more questions might be propounded, all going to prove that social security is not a substitute for life insurance. He said the fraternalists must be as philosophic as possible regarding the act; that their best interest lies not in tearing it down but through proving the superiority and advantages of the fraternal life insurance system in a way that does not unfairly reflect on the government plan; to utilize the underlying principles of the act to further fraternal life insurance and open the avenue to greater life insurance sales.

He said the life insurance program is far more comprehensive. Its financial basis is certain, whereas that of social security is uncertain. Life insurance provides a contract that is binding, made binding by statute, but social security gives no contract. Instead there is specifically made room for amendment at any session of Congress. Under the government plan the government designates the beneficiary and the individual has no choice whatsoever.

Other Points of Criticism

The plan does not allow the use of credits or accumulated reserves as collateral for loans, nor can the cash value be secured, regardless of need. The act sets up a single standard compelling payment of a stated amount based on earnings up to $3,000 a year and the assured takes that which the government decides he shall receive without thought to his particular needs or desires.

"Therefore, I believe we can safely say that social security has not in any way removed any of the values of the life insurance program," he concluded. "Rather, the advantages of life insurance now more than ever before stand out as a beacon light in showing the way, and the only safe and sound way, to complete independence in old age."

Many Opportunities for Sales

Nine opportunities for fraternal sales forces were pointed out by C. D. De Barry, head of C. D. De Barry & Co., Chicago, a firm which has rewritten on a legal reserve basis the contracts of many societies. First, he pointed out that the average fraternal certificate is less than $1,000, whereas that of commercial life companies is about $2,000. Fraternalists are to blame for this, he said. They are selling inadequate amounts and leaving needs which their competitors are filling. Second, there are a great many business and professional people who have never been called upon by fraternalists. He said possibly field managers felt that fraternal insurance was only for poor people and factory workers. Also, many fraternalists have been selling memberships rather than insurance. To become a member requires taking $500 or $1,000 of insurance. Any selling based only on securing members tends to hold the volume to the minimum figure.

Not Capitalizing on Prestige

The third opportunity, Mr. De Barry said, is the real prestige of the fraternal system with assets about $1,500,000,000, with $573,000,000 of fraternal insurance sold last year, with the payment by the societies since organization of about $5,500,000,000 to beneficiaries and living certificate holders. There is also great opportunity in properly employing the 102,000 local lodges in the sales effort. Many fraternalists, he said, do not do a creative job of selling. They ask how the prospect is "fixed" for insurance rather than to present a specific contract to fit a need. Knocking competitors is harmful, he commented. The interview must be constructive.

The seventh opportunity is to make plenty of calls every day and evening. Insurance agents for some reason, he said, average only about 1½ calls a day. They have only themselves to blame for failure. The eighth opportunity is presented when the application is signed. That is the time to get the cash. An application without the money is no sale. The ninth opportunity is expansion of the prospecting system outside the lodges and members of the lodges and families of members by the endless chain system, referred leads, centers of influence, etc.

G. M. Hughes, field director New England Order of Protection, Boston, who was to have spoken on "Sales Campaigns," was unable to attend.

Discusses Social Security

R. M. Norrington, field director Gleaners Life, discussed the paper of R. G. Pope, manager statistical department of the Equitable Reserve. There are large gaps in the act, Mr. Norrington said, which offer opportunity to societies' representatives. The act provides only a basic, minimum living income. It is an act of Congress which may be amended or repealed in its entirety.

Mr. Mallett noted the most important of the 1939 amendments-provision for lump sum death payment eliminated. This might have been the most serious competition with life insurance.

S. H. Hadley, president Protected Home Circle, also discussed the U. S. act. He asked how it will be possible for the people to understand what they will get under the act when insurance leaders who have studied the act cannot agree on precisely what the benefits will be. Mr. Norrington said fraternalists should use the act plus what they can do through life insurance contracts to arrange adequate old age incomes for the people. He said the government probably will get into the annuity business eventually.

A. R. Jaqua Talks on Training

Life insurance can be sold only with agents—or by the government forcing people to buy it, A. R. Jaqua, associate editor "Diamond Life Bulletins," declared. It would have been more democratic for the government to offer social security for those who wanted to buy it.

Percy H. Evans, Northwestern Mutual Life, said, according to Mr. Jaqua, that to dispose of agents at first would indicate a saving in costs, but in time the policyholders would be a self-selected group, with consequent much higher mortality and cost. Agents really cost the buyers nothing at all, he said.

Fraternals' preemption of the monthly premium field will not be a monopoly much longer, he said. The fastest growing department of old line life companies is the salary savings division.

Mr. Jaqua spoke on agents sales training and education, emphasizing that the "Agents DLB" was being profitably employed by many life companies to continue the education of agents after their preliminary training. Life insurance is "on the spot," he said. The business must be put on a basis so that 60,000 agents do not go out of it every year, as occurs now.

Clark Branion, Associated Sales Company, Detroit, introduced his president, Genaro A. Florez, who also spoke on training field workers. This company produced a successful talking stereopticon picture, "Happily Ever After," for Ben Hur Life. It was exhibited at the field managers meeting.

PERSISTENCY PROBLEM

Field managers must attack the problem of writing more persistent business first by having the data available that is necessary to give the lapse problem intelligent consideration; second, by educating field men to the possibilities available to them in increasing the persistency of business they write, F. J. Gadient, actuary Modern Woodmen, declared in a paper on persistency. A third step is to show the society's willingness to cooperate and lend aids to field men in keeping business on the books in force.

The problem is complex, for field managers must write large volumes of new business to make possible growth and progress of their societies, he said. However, this volume must never be at the expense of quality.

Campaign Production Costly

Mr. Gadient criticised the so-called "campaign" business. He said campaigns may increase volume, but they also increase lapse rates. Field workers frequently write persons in the heat of a campaign who pay their premiums for only a few months and then drop out.

It is urgent that societies maintain records showing persistency of new business, he said. Business which does not stay on the books for at least two years causes loss to the society. Telling a field manager to write better business without telling him what is happening to the business he previously wrote is a waste of time, Mr. Gadient said.

The problem is much greater in the fraternals than the old line companies, he noted, because the possibility of lapse is in direct proportion to the frequency of premium payment, and the fraternals write very largely on the monthly premium basis. If a new monthly premium certificate is kept in force for a year the habit of paying premiums has become fairly well established.

Offers Several Suggestions

Mr. Gadient recommended analyzing lapse data on a month's business exposed for a year, breaking this down by states after obtaining totals for the society as a whole. This breakdown localizes the trouble and permits helping the state manager who is having difficulties. If an agent can improve the persistency 70 percent of his total volume, on $100,000 he has saved $10,000 of business, which at $10 per $1,000 means $100 additional first year commission plus renewals. Agents can be shown these commissions already have been earned and are easier than doing a new selling job.

Getting the agents to underwrite business at the source, to secure premiums on an annual basis and to use the settlement options when writing new insurance, will help agents' persistency records, he commented. Other important factors are servicing members, contacting them at frequent intervals, writing increased protection on present members, contacting existing members for prospects.

The societies can help by telling agents how good or bad their business is, showing them how to make more money by keeping business on the books than by writing new members, recognizing quality production, advising agents when their new business defaults or becomes suspended so they can service it promptly, and adopting some plan so the local collector will receive something for keeping new members on a paying basis.

Lincoln National Monthly Survey of Larger Buyers

Largest buyers of big life policies last month were brokers, bank managers, and real estate company officials, according to the Lincoln National Life's monthly survey of buyers of policies for $10,000 or more. This group led both in number of policies purchased and in total amount of insurance involved. Physicians and surgeons were second in both rankings.

Listed according to number of big policies bought, the occupational groups were: Brokers, bank managers, and real estate company officials; physicians and surgeons; commercial travelers; wholesale dealers; lawyers, judges and justices; retail dealers; glass factory managers; garage officials; knitting mill managers; furniture factory managers; building contractors, and artists and sculptors.

In total amount of insurance involved, the classifications were listed as follows: Brokers, bank managers, and real estate company officials; physicians and surgeons; glass factory managers; commercial travelers; wholesale dealers; lawyers, judges, and justices; retail dealers; mechanical engineers; garage officials; lodge officials; automobile factory managers; petroleum refinery managers; and not specified industrial managers.

Report on Bankers L.&C., Marquette

The Illinois department has reported on its examination of Marquette Life and Bankers Life & Casualty, John MacArthur being president of both. Bankers L. & C. has just reinsured Jefferson National Life of Chicago.

As of June 30, 1939, assets of Marquette were $45,200 and surplus $7,356. All life business of Bankers Life & Casualty is reinsured 100 percent in Marquette and the latter retrocedes risks above $1,000. Marquette reinsures its direct business 100 percent in another company except term to age 60 contracts. Both companies are assessment life companies. Bankers L. & C. writes accident and health as well.

All of Marquette's business has been acquired through brokers or by direct mail. Bankers L. & C. gets 75 percent of its business by mail.

The first six months of 1939, Marquette's income was $7,086 and disbursements $4,510. Insurance in force was $1,784,822, policy reserves $26,737, guaranty fund certificates outstanding $24,750.

Bankers L. & C. had assets $39,037, surplus $22,864.

For the first six months of 1939 income in the life department was $23,567 and disbursements $14,734, casualty income $8,914, disbursements $6,036. Insurance in force was $1,388,497, guaranty funds outstanding $20,000.

Coffin Talks to N. J. Supervisors

NEWARK—The important part a supervisor plays in a life insurance agency and the necessary qualifications for a successful supervisor were outlined by Vincent B. Coffin, second vice-president and superintendent of agencies Connecticut Mutual Life, before the Life Agency Supervisors Association of Northern New Jersey.

Sales Ideas and Suggestions

Describes Plans to Use in Selling Women Prospects

The importance of women as prospects was stressed by Mrs. Mildred Poindexter Miller, agent of the Penn Mutual in Kansas City, in addressing the St. Louis Life Underwriters Association. She is a sister of C. H. Poindexter, St. Louis general agent Northwestern Mutual, and U. H. Poindexter, assistant director of agencies of Northwestern Mutual.

She has had a splendid personal record since starting with the Penn Mutual more than 20 years ago. Most of her successful interviews are obtained in her own office. She has her work so well organized her clients frequently call at her office not only to talk over life insurance but to discuss other matters on which they desire her advice.

Special Interest in Women This year

"Is it because it is Leap Year that every bank, trust company, building and loan, investors syndicate and life insurance company has shown a sudden interest in women as prospects?" she asked.

"On Jan. 1 I had a deluge of mail from everywhere, clippings from newspapers, magazines, sent to me by my policyholders with the notations: 'Thought might be interested. What do you think of this?' and many others. I received folders in every mail printed by some financial institution, all designed to interest the woman investor.

"At first I was not only interested but pleased, because for years I have advocated that it was the duty of life insurance companies to pay some attention in their advertising to women as investors. For years I have wanted women to know what the service of life insurance could do for them. Day by day when the advertising increased, my interest turned to curiosity, and I wanted to convince myself of the reason for this sudden change, so I made a personal investigation."

She revealed that this study showed that the ratio of depositors at three of Kansas City's largest banks were 9 women to one man, 11 to 1 and 16 to 1.

She ventured the opinion that Leap Year is merely the excuse for this year being chosen as a campaign year for all financial institutions to interest women in various forms of investments, and that this sudden burst of advertising designed to awaken the interest of women prospects is due to the fact that research has shown that women are a very profitable field for any business concern to cultivate.

Statistics Prove Importance

Next she commented on an advertising folder sent out by a large eastern company which gave some very startling figures. These figures she compared with a survey of the business and professional women, outlining for herself a more detailed chart, such as:

7,500,000 women in this country are holding positions, or earning incomes of sufficient amount to suggest the use of life insurance to establish their financial security.

An insurance survey of a group of professional women and those engaged in clerical and sales work showed their occupations divided as follows: 29 percent in teaching, with salaries ranging from $1,600 to $2,300, annually, and of that sum the teacher will save $300; 25 percent have clerical positions, such as auditors, bookkeepers, sales work, etc., with an average salary of $100 per month, of which they hope to save $5; 48 percent have other individuals solely or partially dependent on them, and have a real need for the protection that life insurance has to offer. 22 percent are secretaries or stenographers, average $125 a month and save $10 per month; 14 percent are professional or semi-professional workers. Their average income is $125 a month and of that sum they put away $15 a month.

In this connection she revealed there is no profession where the women realizes any more than the graduate nurse that at 55 or 60 she is through. "Beyond that she may be able to support herself" she continued, "but to support herself and save is impossible. Approached on that basis nurses are not hard to sell life insurance."

Ten out of 100 women are either owners or partners of a business or in executive positions. Her survey revealed their average income is from $3,000 to $5,000 annually. They will save if properly approached. The basis she uses on clients in this group is: "Keep your cash estate in balance with your business estate." So that if anything happens to the business the woman can fall back on her cash estate for a life income of from $50 to $100 a month.

Different Appeal for Women

Mrs. Miller advised insurance agents in talking with women prospects to keep the income advantage to the front and death protection incidental.

While a man is interested in protection to loved ones and the creation of an estate, with income protection for himself merely a ledge for the agent to enter, the woman buyer on the other hand thinks of income first, the amount of money she will invest in life insurance being governed almost entirely by the amount she is ready to save for the protection of herself. Death benefits to others hasn't a great appeal to her. The explanation that Mrs. Miller gave for this was: "Psychologically, a woman has one chief fear. The age of retirement is the great fear in her life."

Uses Contrasting Pictures

Mrs. Miller said that remembering that 80 percent of a successful sale is made through the eye, she keeps on her desk a picture in which a young girl is seen looking into two mirrors. In one she sees the happy school teacher at 60 who had saved her money in a life insurance retirement income, guaranteed income contract, and happily anticipating the joyful years ahead, and in the other is another school teacher of 60 who is worried because her investments in real estate, savings and loan stocks and other stocks and bonds today have not the value she hoped for when she made the investment ten years ago.

"My sales do not require rehearsing the story," she continued. "I merely ask them to look at the picture, and then with the simple statement that during your saving years your contract will look like this, then when you are through work your check will look like this."

Make Your Letters Human, Advises Frailey

"Make your letters to prospects and insureds human, radiate sunshine, cut off the whiskers!" This was the advice of Professor L. E. Failey of Northwestern university to representatives attending the annual convention of the State Farm group of Bloomington, Ill., in Chicago.

"What is a letter except another contact?" Professor Frailey said. "It is the projection of a personality across space, a conversation between two people who cannot get together in person.

"It is part of a public relation program and involves all types of letters—sales, collection, routine, and other types.

"Therefore if you desire to be successful in your production efforts do not neglect the letter writing side. Make your letters warm, cheery, friendly. Write as you talk. Relax and be natural and it will pay dividends."

Organization of Knowledge Is Vital Success Factor

CINCINNATI.—The organization of knowledge possessed by the agent, rather than knowledge itself, was stressed as fundamental in successful accomplishment by B. C. Thurman, assistant superintendent of agencies Mutual Benefit Life, in a talk on "The Presentation" before the Cincinnati Life Underwriters Association. "Knowledge is Power" isn't true and is getting less true every day, Mr. Thurman asserted. When the agent organizes his knowledge, he begins to get results. It is far more important to know one thing well than a little about many things. To acquire skill, the agent must have a plan, expose the prospect to only one idea or thought at a time, and arrange his points so as to have them in logical order.

Mr. Thurman suggested that it would be a wise plan for the agent to reduce his sales talk to a written form, edit it, and then memorize it for greatest effectiveness. "Motivation means "to supply with a motive," he said, and it cannot be turned on or off at the agent's command. Motivation comes out as a natural part of the agent's service.

Mr. Thurman said that he thought a good, well qualified job of prospecting is the most important part of the sale. The best definition of education which he has found is that it is "the production of useful changes in the human being."

L. B. Scheuer, State Mutual Life, presided because of the illness of J. C. Sebastian, Union Central, president. J. S. Drewry, general agent Mutual Benefit, introduced Mr. Thurman. Mr. Scheuer said that the plans for the annual tri-state sales congress sponsored by the Cincinnati association, March 21, were complete.

AGENCY MANAGEMENT

Factors in Getting Veterans Back Into Production Are Analyzed by E. B. Thurman

DETROIT — The lower 50 percent of the agents in most agencies could be eliminated entirely with considerable benefit to the agency, E. B. Thurman, Chicago general agent New England Mutual, told the Associated Life General Agents & Managers of Detroit, talking on "Putting the Old Man Back into Production." A. C. Utter, Detroit general agent New England, introduced the speaker.

The greatest problem in connection with getting production out of the older men arises out of the lower 50 percent of the men, who produce not more than 10 to 15 percent of the agency's business, Mr. Thurman declared. Not a single agency management problem arises with the top 25 percent, who write probably 75 percent of the average agency's total volume. The next 25 percent of the men, writing perhaps 15 percent to 20 percent of the volume, present certain management problems but they are such that they can be solved by the manager without recourse to an investigation.

Concerned with Lower 50 Percent

The TNEC investigation of the agency system is concerned almost entirely with the bottom 50 percent of the agents, many of whom are not making a living in the business and all of whom should be in some other line of endeavor, he asserted. The reason that such a condition exists in the business can be laid directly at the door of the agency managers who permit such men to remain year after year in their agencies with the result that the authorities, basing their conclusions on this group, feel that the agency system needs investigating.

The 25 percent who lie between the top 25 percent and the bottom 50 percent include hard-working men who are limited by their ability, and also include many of the younger and newer men who are on their way up into the top 25 percent. In this middle group there are some who are not producing but are living mainly on their renewals. These men should be treated the same as the newer men who are learning the business, and should be considered in the same way. "Do you want these men in your agency? Yes, if you can rekindle the spark that will start them working again; otherwise, by all means no.

Five Factors Involved

"In dealing with new men, we pin our faith on hope; with older men, we have the facts to deal with. There are five points that we must consider in deciding whether it will be worth while to try to put the older man who has slipped back into production. (1) He must have a capacity for continuing enthusiasm for life insurance, even if it is temporarily lost. The man with occasional outbursts of enthusiasm for his job will get nowhere. He must have a continuing enthusiasm.

"With a new man, you hope he has this capacity; with the old man you know whether or not he has it. If the old man does not have this capacity, drop him at once. Any amount of work you eventually do with him will be wasted.

Must Have Proper Conception

"(2) The agent must have the proper conception of life insurance, what it is and what it does. If he does not, he is hopeless and you might just as well save your time by dropping him from the staff at once.

"(3) Habit of the day's work as distinguished from the desire of the capacity to do an honest day's work. Many men have either the desire or the capacity for it, but cannot be pursuaded to make it a habit. Again, such men are hopeless. Bear in mind that unless your man has developed this habit in the past, he will never develop it. The habit of work cannot be given to a man; he has to acquire it himself.

"(4) He must have skill in prospecting. There is a great difference between

an academic knowledge of how to prospect and actual skill at prospecting. Don't confuse the two. Unless he has the knack of it, he will never justify the amount of effort necessary to make him succeed.

"(5) He must have skill in selling. This is perhaps the easiest of the five points to correct, but unless an old man has developed facility in selling in his years with the agency, there is little to be gained by working with him to get him out of his slump," Mr. Thurman said.

In the round-table discussion, H. K. Schoch, general agent Aetna Life, declared that for the good of the agency the older men who have ceased to produce should be segregated until it can be determined whether they can be put back into production. Ill health may also be a production deterrent, he said. Often the old producer will be found to be worrying over finances or home conditions. These things can be straightened out by the timely intervention of the general agent and the man can be redeemed thereby. If his condition is beyond help, then it is best to urge him to take up some other line of business.

Better Men Deserve Help

Mr. Utter said most general agents spend far too much time with Class C men in their agency. The Class A and B men resent this and the results seldom justify the time spent on these poor producers. More time and effort spent upon the Class A and B men, who do not ask for help, pays very much better, he asserted. These men are able to benefit very much more by such help than can the Class C man.

Recruiting today is a highly speculative endeavor, he declared. General agents can get better results by directing more effort toward developing their upper class men already in the agency than in seeking new men.

Oregon Production Leaders Honored at a Banquet

T. J. Binder, general agent Equitable Life of Iowa, was general chairman of the Oregon Life Managers Association leaders' banquet committee. G. B. Schwieger, general agent Lincoln National, was assistant chairman. W. J. Smith, manager National Life of Vermont; E. A. Ellis, manager Pacific Mutual Life; A. A. Hendricks, general agent American National Life; F. A. Tatum, manager Manufacturers Life, and H. H. Person, general agent Penn Mutual Life, were members of the committee on arrangements.

All leading producers in Oregon were honored at a banquet Feb. 19. The speaker was Frederick Hunter, chancellor of higher education for Oregon.

The introduction of leaders by general agents and managers was a part of the program. Leaders from all parts of the state attended.

The annual sales congress sponsored by the Portland Life Underwriters Association was held this week. The leaders banquet was held in connection with the congress.

Need for Association Cooperation

SAN ANTONIO, TEX.—The need for selling companies and agency managers on the value of local and national life underwriters associations was stressed by O. D. Douglas, Lincoln National, National Association trustee, before San Antonio Life Managers Club. This can be done by providing constructive programs with a specific purpose for local associations so that agency managers and their agents will recognize the fact that they are being benefited in a definite way. Such a plan for programs, Mr. Douglas anticipates, will make the matter of membership in local associations a natural consequence with the result that agents and managers will both function more effectively in serving the public.

Turnover in life agents and managers can be reduced by better selection and better training of men for both personal production and managerial positions, Mr. Douglas said. Many managers have come into the field without any clear understanding of the problems which are theirs or knowledge of what they need to do in selecting and training men, he said. Thorough training of managers would go far toward increasing the public's appreciation of life insurance service.

Discuss Supervisor's Work

The Boston Life Supervisors Club listened to a discussion of recruiting, training and supervision by three members: Warren Purcell, New York Life; C. H. Emanuelson, Massachusetts Mutual, and Ernest Hoffman, New England Mutual Life.

Curry Named Vice-chairman

F. J. Curry, Penn Mutual Life, has been elected vice-chairman of the General Agents & Managers Association of San Francisco. He succeeds Arthur Hutchinson, New York Life, who was recently transferred across the bay to Oakland. Frank F. Weidenborner, vice-president of the Guardian Life, spoke on management problems. J. M. Mitchell, Fidelity Mutual Life, is chairman of the association.

Sales Analyst Is Speaker

Dr. Robert Thompson, business analyst of Washington, D. C., addressed the Life Insurance Managers Association of Los Angeles on "Looking Twelve Months Ahead." He said prosperity is here despite war or anything else. He named two of the leading things that drag down a salesman, a sales manager that wears spurs and a nagging wife.

Tampa Host to 400

TAMPA, FLA. — The Tampa Life Managers Association were hosts to some 400 agents, assistant managers, managers, "home office" officials and guests.

The Life Agency Cashiers Association of **Cleveland** heard a talk by a telephone company representative on "The Correct Use of the Telephone."

borne Bethea agency of Penn Mutual in New York. He went with the C. C. Gearhart New York Life agency ten months later, remaining with Mr. Gearhart when his agency moved to the Murray Hill branch at 1 Park Avenue. His unusually rapid promotion is a recognition of his production and his ability to develop agents.

J. R. DAVIS HONORED

A luncheon was tendered by Radio City branch office of the Travelers to the manager, John R. Davis, commemorating his 20th year with the company. Home office people included Ralph Smith, assistant superintendent of agencies; Marshall Knighton, actuarial department, and William Carlson, group department.

Mr. Davis received a bouquet of flowers, a desk lamp from the agents, together with a sizable volume of business.

TALKS TO FRIED'S AGENCY

T. W. Foley, State Mutual general agent in New York City, talked before Isadore Fried's Agency of the New England Mutual, "Yes, I Sell My Friends." He is to talk before the Clifford McMillen Agency of the Northwestern Mutual on March 4 on the same subject.

VIEWED FROM NEW YORK

By R. B. MITCHELL

NAMED ADVERTISING COUNSEL

The Atlantic Life of Richmond, Va., which is celebrating its 40th anniversary this year, has appointed Cowan & Dengler of New York City as advertising counsel. Trade papers, direct mail and contests will be used. Raymond D. Parker is the account executive.

WILLIAM STEDLER CHANGES

William Stedler, for a number of years resident vice-president in New York of the "Insurance Field," and prior thereto connected with the business department of the "Spectator," has now become associated with the "Weekly Underwriter," as vice-president and general sales manager. Through his long connection with insurance journalism Mr. Stedler has become known to insurance people in all branches in the east.

TRANSFERRED TO NEW YORK

Miss Evelyn Carle who started with the Equitable of Iowa in Springfield, Ill., Sept. 13, 1927, as stenographer, is transferred to New York as cashier of the Hoey & Ellison agency. She was transferred to Burlington, Iowa, July 10, 1933, as assistant cashier, and promoted to cashier on March 1, 1934. The Burlington and Davenport agencies consolidated Jan. 1, 1940.

DAWSON ADDRESSES CASHIERS

C. P. Dawson, general agent New England Mutual, New York, spoke on "Human Relations" at a meeting of the Life Agency Cashiers Association of New York.

KEE AGENCY MEETING

As a result of a questionnaire completed by the agents, the Wm. H. Kee agency of the Mutual Life in Brooklyn held the first meeting of a new series. The meeting consisted of a ten-minute review of life insurance by Mr. Kee, and 15 minute talks by two agents. The balance of the 20 minutes were devoted to questions, answers and general discussions.

It was announced that Max Haas, district manager of the Jamaica office, was the first to have his picture placed in the Kee honor rolls.

In accordance with the announcement made by Mr. Kee at the beginning of the year, the individual having the greatest number of pictures in each of the frames by January, 1941, will be awarded a glass framed diploma, which may either be hung on a wall or attractively place on the individual's desk.

J. E. Kunken, who has been successful with prospects and who is the agency's district manager of Hempstead, spoke on the art of prospecting. He said, "To be successful in prospecting, one must think of it as a continuous process instead of a problem."

Sidney Levy, of the Largeman Agency, spoke on "Social Security, plus the Convoy System." He said, "life insurance is a convoy to the social security pension the same as the Navy's battleships are convoys to merchant ships. Many individuals," he continued, "will have to scuttle their S. S. pension outside the harbor of security at 65 because they will not be financially able to accept the social security benefits. Adopt an Endowment Annuity at 65," he concluded, "as a convoy for all working men."

W. A. SPIKER'S RECORD

William A. Spiker, new agency organizer of New York Life's Murray Hill office in New York City, has made a record outstanding among younger men in the life insurance business. He stands second in the metropolitan area among New York Life men appointed since 1937. Joining New York Life in November, 1938, Mr. Spiker made the $100,000 club within six months and finished 1939 within the first ten producers in the New York district. He was a featured speaker on business insurance at the company's recent Atlantic City convention.

W. A. Spiker

Mr. Spiker was resident manager for THE NATIONAL UNDERWRITER in New York City during 1936 and 1937, specializing in work among life insurance offices. For several years prior to that he traveled the United States and Canada as special representative of the "Diamond Life Bulletins" of that company. He is a graduate of Ohio Wesleyan University. His father, N. T. Spiker, is a prominent agent of Sun Life of Canada in Cincinnati.

In January, 1938, Mr. Spiker entered the life insurance business with the Osborne Bethea agency of Penn Mutual in New York.

Federal Intervention Not Likely, Anderson Predicts

BUFFALO—The feeling is growing that the federal government will not attempt to enter the insurance business or try to enforce its national supervision, C. Vivian Anderson, Provident Mutual, Cincinnati, chairman laws and legislation committee National Life Underwriters Association, declared here at a luncheon meeting of the Buffalo Life Underwriters Association.

"Supervision of insurance by the states has proven satisfactory and the record of achievement by insurance companies is such that there is no reason for any change in this supervision."

It is just as important for the man with a small estate to safeguard it with proper counsel as for the man with the large estate, Mr. Anderson said.

People are income conscious, Mr. Anderson said, and it is important to be thoroughly conversant with the income phases of the insurance business.

"Find out all about your prospect, learn the things he's interested in and when you ask him a question, be sincere." The first step in any sale, he said, is to make the prospect realize the thing he has is inadequate.

"Follow up your old policyholders," he urged. "They are your best prospects. But don't talk life insurance to your old customers. Talk about life and the inadequacy of the insurance he now holds. He's already sold on the idea of life insurance."

Idea Man Is Most Valuable

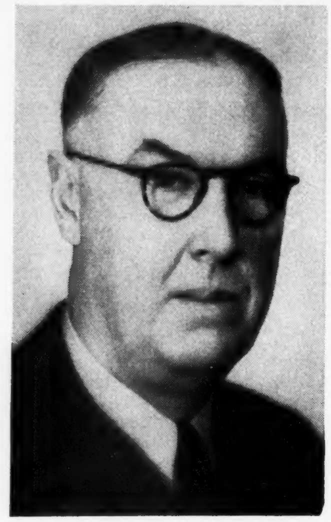
ST. PAUL—The man who occasionally comes late to the office and perhaps plays "hookey" at times but who has ideas and imagination when he is on the job is frequently worth more to the home office than the fellow who follows the deadly routine set out for him with never an error or relapse, E. A. Roberts, vice-president and general counsel Minnesota Mutual Life, said before the Twin Cities Home Office Life Club in discussing "Our Place in the Insurance Industry." He pointed out how the humble home office employe can carve for himself an important niche in his company's service and in doing so prepare himself for greater responsibilities and pay in the future.

Advertising Portfolio Available

A special portfolio, "How You Can Profit by Using Vari-Typer," to aid those preparing advertising and promotional matter has been issued by the Ralph C. Coxhead Corporation, 17 Park Place, New York, with sample material and a type specimen book.

LIFE VIEWS IN THE NEWS

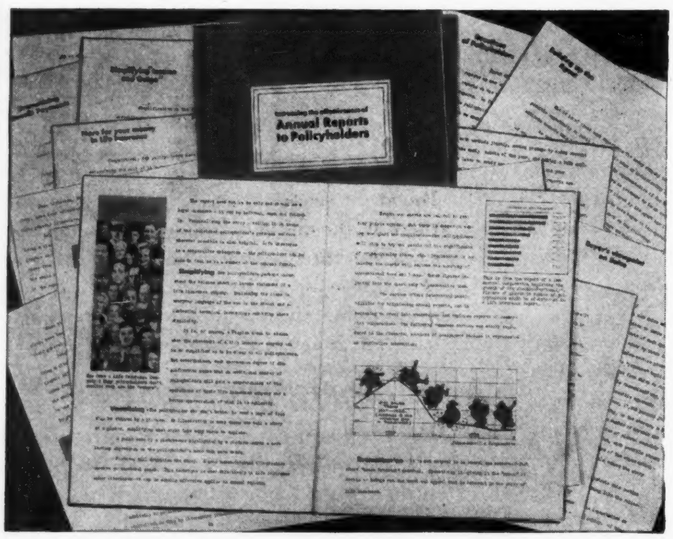
Malcolm L. Williams (left), assistant manager of agencies is shown at the Provident Mutual Life's round table convention at Palm Beach, Fla., with Mrs. Williams and Dennis B. Maduro, counsel New York City Association of Life Underwriters.



W. R. McCONNELL

A. H. LEMMON

The Canada Life has appointed W. R. McConnell, formerly supervisor of western Canada loaning branches, and A. H. Lemmon, formerly supervisor of the bond department, to become associated with R. E. Woodcock as assistant treasurers.



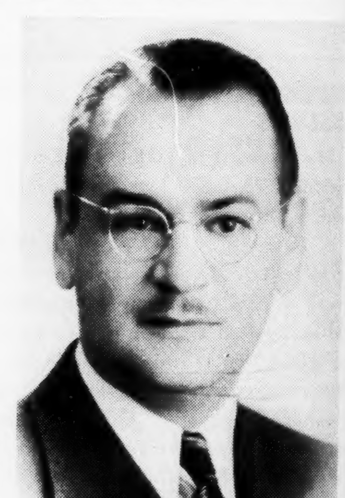
Concrete suggestions for increasing the effectivenes of annual reports to policyholders are given in a special booklet published by the Institute of Life Insurance. Simple, human terms, personalizing the welfare of individual policyholders, were suggested.

Charles J. Diman, vice-president and secretary of the John Hancock Mutual Life, celebrated his 40th anniversary of service. Starting as a clerk in 1900, Mr. Diman has been associated with the home office of the John Hancock ever since. He joined the official family in 1917 when he became assistant secretary. He has been secretary since 1920. He was elected second vice-president in 1933 and vice president in 1937.

W. J. HILLER

H. M. LUTZ

B. G. HARRISON



DR. FREDERICK FINK

In the reorganization of the official personnel of Franklin Life of Springfield, Ill., following the acquisition of control by Charles E. Becker, now president, W. J. Hiller becomes a vice-president in charge of underwriting; H. M. Lutz, vice-president in charge of investments; B. G. Harrison, secretary-treasurer, and Dr. Frederick Fink, medical director. This gives the Franklin Life an able executive staff, several appointments to which have been previously announced.